

Draft - 3/20/23

- **Consolidated Financial Statements**
- with Supplementary Information in Accordance with
- Governmental Auditing Standards, the Uniform Guidance
- and Other Matters

- **Southeast, Inc.**
- **and Affiliates**

- June 30, 2022 and 2021



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

Independent Auditor's Report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Southeast, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the fiscal years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the 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.

To the Board of Directors
Southeast, Inc. and Affiliates
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In preparing the consolidated financial statements, management is required to evaluate whether there are condition or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Board of Directors
Southeast, Inc. and Affiliates
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Supplementary Information – Schedule of Expenditures of Federal Awards and Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

The accompanying consolidating statements of financial position and activities and changes in net assets as of and for the fiscal year ended June 30, 2022, and certain supplementary information required by the Franklin County Board of Alcohol, Drug Addiction and Mental Health Services (ADAMH), as well as for the Ohio Development Services Agency, is also presented for purposes of additional analysis and is also 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 schedule of expenditures of federal awards 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 DATE, 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.

Columbus, Ohio
DATE

Draft - 3/20/23

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SOUTHEAST, INC. AND AFFILIATES
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,453,250	\$ 4,630,383
Restricted cash	5,995	10,133
Investments	12,548,958	13,989,114
Accounts receivable, net of allowance for doubtful accounts	19,333,065	15,175,953
Inventory	921,302	747,579
Other current assets	627,651	1,504,768
Total current assets	<u>38,890,221</u>	<u>36,057,930</u>
Property and Equipment, net	<u>5,991,080</u>	<u>6,442,391</u>
TOTAL ASSETS	<u>\$ 44,881,301</u>	<u>\$ 42,500,321</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Long-term obligations, current maturities	\$ 282,092	\$ 326,260
Note payable - line of credit	-	800,000
Accounts payable	820,760	732,209
Amounts held in trust	5,995	10,133
Accrued payroll and related liabilities	2,751,713	3,451,834
Deferred revenue	3,055,658	559,153
Total current liabilities	<u>6,916,218</u>	<u>5,879,589</u>
Long-Term Obligations, net of current portion	<u>3,235,128</u>	<u>3,333,250</u>
Total liabilities	<u>10,151,346</u>	<u>9,212,839</u>
Net Assets		
Net assets without donor restrictions		
Undesignated	32,808,320	31,367,299
Designated by Board	1,813,668	1,813,668
Total net assets without donor restrictions	<u>34,621,988</u>	<u>33,180,967</u>
Net assets with donor restrictions	107,967	106,515
Total net assets	<u>34,729,955</u>	<u>33,287,482</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 44,881,301</u>	<u>\$ 42,500,321</u>

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 Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Changes in Net Assets without Donor Restrictions		
Operating revenues and support:		
ADAMH purchase-of-service	\$ 8,579,409	\$ 8,882,318
ADAMH cost reimbursement	5,198,688	2,948,801
Medicaid	7,827,073	8,134,315
Medicaid match	1,794,844	3,729,909
Apothecare pharmacy	21,227,308	18,859,716
First and third party fees	2,716,061	390,462
Grants and Contracts	9,862,880	8,737,060
Other operating income	684,790	525,849
In-kind donations	298,935	264,443
Forgiveness of advances from OMHAS	118,619	55,375
Release of restrictions	-	-
Total operating revenues and support	58,308,607	52,528,248
Operating expenses:		
Clinical services	26,179,972	26,612,000
Housing	3,324,304	3,181,617
Vocational	6,041,822	5,356,936
Apothecare pharmacy	12,576,994	11,035,202
Prevention education	781,929	620,449
Homeless shelter programs	3,917,031	1,761,625
General and administrative	2,423,867	2,856,776
Total operating expenses	55,245,919	51,424,605
Change in net assets without donor restrictions from operations	3,062,688	1,103,643
Other income (expense):		
Interest and dividend income	246,213	806,194
Unrealized and realized (losses) gains on investments	(1,940,390)	2,315,905
Contributions	93,132	324,593
Rental income	13,499	28,932
Rental expenses	(34,121)	(445,161)
Forgiveness of PPP loan	-	6,221,602
Total other (expense) income	(1,621,667)	9,252,065
Change in Net Assets without Donor Restrictions	1,441,021	10,355,708
Net Assets without Donor Restrictions - Beginning of Year	33,180,967	22,825,259
Net Assets without Donor Restrictions - End of Year	\$ 34,621,988	\$ 33,180,967
Changes in Net Assets with Donor Restrictions		
Special events, net	\$ 1,452	\$ 6,789
Release of restrictions	-	-
Change in Net Assets with Donor Restrictions	1,452	6,789
Net Assets with Donor Restrictions - Beginning of Year	106,515	99,726
Net Assets with Donor Restrictions - End of Year	\$ 107,967	\$ 106,515
Summary of Changes in Net Assets		
Net assets without donor restrictions	\$ 1,441,021	\$ 10,355,708
Net assets with donor restrictions	1,452	6,789
Total Changes in Net Assets	\$ 1,442,473	\$ 10,362,497

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

SOUTHEAST, INC. AND AFFILIATES
Consolidated Statements of Functional Expenses
For the Fiscal Year Ended June 30, 2022

	Clinical Services	Housing	Vocational	Apothecare Pharmacy	Prevention Education	Homeless Shelter Programs
Salaries and benefits	\$ 20,250,618	\$ 2,231,702	\$ 4,483,273	\$ 1,251,687	\$ 664,280	\$ 2,863,894
Contract services	844,099	102,025	95,770	35,363	6,375	52,069
Computer expenses	642,850	71,372	120,385	45,149	15,897	51,680
Operating supplies and expenses	895,105	151,239	686,796	10,438	15,940	73,492
Office expenses	480,866	156,877	116,285	17,707	15,722	58,175
Cost of goods sold - pharmacy	-	-	-	11,137,821	-	-
Mileage/transportation	683,189	16,266	135,668	522	5,108	12,698
Building and grounds	1,568,172	404,677	210,756	43,813	29,058	332,393
Interest	77,772	29,196	18,788	3,040	3,058	10,873
Insurance expense	428,872	81,173	103,678	16,546	16,644	85,597
In-kind expenses	-	-	-	-	-	298,935
	25,871,543	3,244,527	5,971,399	12,562,086	772,082	3,839,806
Depreciation and amortization	308,429	79,777	70,423	14,908	9,847	77,225
Total	\$ 26,179,972	\$ 3,324,304	\$ 6,041,822	\$ 12,576,994	\$ 781,929	\$ 3,917,031

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

SOUTHEAST, INC. AND AFFILIATES
Consolidated Statements of Functional Expenses (continued)
For the Fiscal Year Ended June 30, 2022

	Total Program	General and Administrative	Total Operating Expenses	Rental Operations	Total Expenses
Salaries and benefits	\$ 31,745,454	\$ 1,587,907	\$ 33,333,361	\$ -	\$ 33,333,361
Contract services	1,135,701	66,042	1,201,743	-	1,201,743
Computer expenses	947,333	35,330	982,663	-	982,663
Operating supplies and expenses	1,833,010	62,870	1,895,880	-	1,895,880
Office expenses	845,632	85,305	930,937	-	930,937
Cost of goods sold - pharmacy	11,137,821	-	11,137,821	-	11,137,821
Mileage / transportation	853,451	5,248	858,699	-	858,699
Building and grounds	2,588,869	349,843	2,938,712	34,121	2,972,833
Interest	142,727	30,117	172,844	-	172,844
Insurance expense	732,510	140,161	872,671	-	872,671
In-kind expenses	298,935	-	298,935	-	298,935
	52,261,443	2,362,823	54,624,266	34,121	54,658,387
Depreciation and amortization	560,609	61,044	621,653	-	621,653
Total	\$ 52,822,052	\$ 2,423,867	\$ 55,245,919	\$ 34,121	\$ 55,280,040

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

SOUTHEAST, INC. AND AFFILIATES

Consolidated Statements of Functional Expenses

For the Fiscal Year Ended June 30, 2021

	Clinical Services	Housing	Vocational	Apothecare Pharmacy	Prevention Education	Homeless Shelter Programs
Salaries and benefits	\$ 19,626,820	\$ 1,974,057	\$ 4,374,608	\$ 1,255,539	\$ 598,804	\$ 757,970
Contract services	563,374	99,912	43,671	235	-	26,181
Computer expenses	523,807	95,076	112,440	29,697	-	2,085
Operating supplies and expenses	839,455	523,081	69,880	41,739	5,736	70,921
Office expenses	427,730	94,136	288,122	9,619	3,212	58,134
Cost of goods sold - pharmacy	-	-	-	9,640,187	-	-
Mileage / transportation	634,799	58,145	77,175	14,767	6,141	5,875
Building and grounds	2,040,215	244,591	218,576	1,811	6,556	380,098
Interest	96,530	63,889	25,448	-	-	-
Insurance expense	408,631	28,730	37,916	-	-	3,672
In-kind expenses	-	-	-	-	-	264,443
	<u>25,161,361</u>	<u>3,181,617</u>	<u>5,247,836</u>	<u>10,993,594</u>	<u>620,449</u>	<u>1,569,379</u>
Depreciation and amortization	1,450,639	-	109,100	41,608	-	192,246
Total	<u>\$ 26,612,000</u>	<u>\$ 3,181,617</u>	<u>\$ 5,356,936</u>	<u>\$ 11,035,202</u>	<u>\$ 620,449</u>	<u>\$ 1,761,625</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 Fiscal Year Ended June 30, 2021

	Total Program	General and Administrative	Total Operating Expenses	Rental Operations	Total Expenses
Salaries and benefits	\$ 28,587,798	\$ 2,064,342	\$ 30,652,140	\$ -	\$ 30,652,140
Contract services	733,373	238,361	971,734	-	971,734
Computer expenses	763,105	78,933	842,038	-	842,038
Operating supplies and expenses	1,550,812	33,164	1,583,976	-	1,583,976
Office expenses	880,953	59,115	940,068	-	940,068
Cost of goods sold - pharmacy	9,640,187	-	9,640,187	-	9,640,187
Mileage / transportation	796,902	54,886	851,788	-	851,788
Building and grounds	2,891,847	18,928	2,910,775	390,164	3,300,939
Interest	185,867	46	185,913	-	185,913
Insurance expense	478,949	289,607	768,556	54,997	823,553
In-kind expenses	264,443	-	264,443	-	264,443
	<u>46,774,236</u>	<u>2,837,382</u>	<u>49,611,618</u>	<u>445,161</u>	<u>50,056,779</u>
Depreciation and amortization	1,793,593	19,394	1,812,987	-	1,812,987
Total	<u><u>\$ 48,567,829</u></u>	<u><u>\$ 2,856,776</u></u>	<u><u>\$ 51,424,605</u></u>	<u><u>\$ 445,161</u></u>	<u><u>\$ 51,869,766</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 Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 1,442,473	\$ 10,362,497
Adjustments to reconcile change in net assets to net cash and cash equivalents and restricted cash provided by (used in) operating activities:		
Depreciation and amortization	621,653	1,812,987
Change in allowance for doubtful accounts	(983,265)	-
Unrealized and realized gains on investments	1,940,390	(2,315,905)
Gain on sale of property and equipment	(28,668)	-
Forgiveness of advances from OMHAS	(118,619)	(55,375)
Forgiveness of PPP loan	-	(6,221,602)
Increase in operating assets:		
Accounts receivable, net	(3,173,847)	(4,514,530)
Inventory	(173,723)	76,159
Other current assets	877,117	(669,028)
Increase (decrease) in operating liabilities:		
Accounts payable	88,551	235,501
Amounts held in trust	(4,138)	(426,484)
Accrued payroll and related liabilities	(700,121)	334,729
Deferred revenue	2,496,505	(1,551,300)
Total adjustments	841,835	(13,294,848)
Net cash and cash equivalents and restricted cash provided by (used in) operating activities	2,284,308	(2,932,351)
Cash Flows from Investing Activities		
Purchases of investments	(2,500,368)	(457,587)
Proceeds from sale of investments	2,000,134	-
Purchases of property and equipment	(155,835)	(203,882)
Proceeds from sale of property and equipment	188,155	-
Net cash and cash equivalents and restricted cash used in investing activities	(467,914)	(661,469)
Cash Flows from Financing Activities		
Net payments under note payable - line of credit	(800,000)	-
Principal payments on notes payable	(115,727)	(175,747)
Principal payments on capital leases obligations	(81,938)	(82,453)
Net cash and cash equivalents and restricted cash used in financing activities	(997,665)	(258,200)
Net Increase (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	818,729	(3,852,020)
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	4,640,516	8,492,536
Cash and Cash Equivalents and Restricted Cash - End of Year	\$ 5,459,245	\$ 4,640,516
Classification of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents	\$ 5,453,250	\$ 4,630,383
Restricted cash	5,995	10,133
Cash and cash equivalents and restricted cash	\$ 5,459,245	\$ 4,640,516
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 172,843	\$ 185,940
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Acquisition of fixed assets through financing	\$ 308,695	\$ -

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

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021



Nature and Scope of Activities

Southeast, Inc. and Affiliates (the Organization) are non-profit Ohio corporations organized to develop and administer a comprehensive integrated healthcare recovery service system, to provide services to homeless persons throughout Ohio, to provide housing to lower-income, mentally disabled individuals and provide vocational services to individuals overcoming mental, emotional and other challenges. 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 both fiscal years 2021 and 2022, Southeast, Inc. (Southeast) renewed its accreditations with the Ohio Mental Health and Addiction Services Board. The accreditations are one way Southeast shows its commitment to the quality improvement of its services to the community.

Southeast also operates two pharmacies (Apothecare) located in the Southeast-owned buildings in Columbus and St. Clairsville, Ohio. Southeast operates Apothecare as a specialty pharmacy to serve people with primary care needs, 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 (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 two classes of net assets:

- Net assets without donor restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Consolidated Financial Statement Presentation (continued)

- Net assets with donor restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

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 exclude money market funds held in an investment portfolio that are reported as investments.

Investments

Investments are carried at their fair values. 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. Investment expenses, such as custodial, commission, and investment advisory fees, are netted against unrealized and realized gains on investments in the consolidated statements of activities.

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, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Accounts Receivable and Revenues (continued)

Exchange Transactions (continued)

The Organization is in contracts with the Franklin County, Delaware 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 both directly and indirectly from the Ohio Department of Job and Family Services (ODJFS) and the Ohio Department of Mental Health and Addiction Services (OMHAS). 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. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

All contributions are considered to be available for use without donor restrictions 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 with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 without donor restrictions.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Accounts Receivable and Revenues (continued)

Contract and Grant Revenues

The Organization receives contract and grant revenue from various governmental agencies. A portion of the contracts and grants are derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and contain a right of return. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contracts or grant provisions. Deferred revenue is recorded for payments received in advance of revenue recognition, and consequently the Organization has recorded deferred revenues of approximately \$3,056,000 and \$559,000 as of June 30, 2022 and 2021, respectively for contributions because the condition(s) on which they depend have not yet been met. Contract and grants revenue from governmental agencies for the fiscal years ended June 30, 2022 and 2021 was approximately \$9,863,000 and \$8,795,000, respectively.

Contract and grant programs are subject to annual audits and other monitoring by the granting authorities to ensure compliance with conditions precedent to the granting of funds. Revenue generated by the contract and grant programs may be disallowed in subsequent periods as a result of such monitoring. Management does not expect any material adjustments to arise from monitoring activities to be performed by granting authorities.

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.

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 net realizable value using the first-in, first-out inventory accounting method.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021



Summary of Significant Accounting Policies (continued)

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 - 5 years
Furniture	5 - 7 years
Software	3 years
Vehicles	5 years
Leased office equipment	3 - 5 years
Leasehold improvements	3 years


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 for the fiscal years ended June 30, 2022 or 2021.

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 funds are included in restricted cash and the liabilities are included in amounts held in trust on the consolidated statements of financial position.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021



Summary of Significant Accounting Policies (continued)

Paycheck Protection Program Loan Accounting Policy

Management has elected to recognize its Paycheck Protection Program (PPP) Loan received pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as debt until debt extinguishment occurs when the Organization is legally released from being the obligor pursuant to its forgiveness application filed with the U.S. Small Business Administration (SBA). Upon legal release as obligor, the Organization will recognize the forgiven amount as income in the consolidated statement of activities and changes in net assets.

Deferred Revenue

Deferred revenue represents cash received in advance of an activity or service being performed. The deferred revenue will be recognized as revenue when the conditions for the agreement are met, such as expenditure of the agreed-upon resources and performance of services. At June 30, 2022 and 2021, substantially all of deferred revenue relates to contributions received in advance of expenditures being completed.

Donated Services

Donated services are recognized as contributions only if the services create or enhance non-financial assets or require specialized skills, or are performed by people with those skills and would otherwise be purchased. For the fiscal years ended June 30, 2022 and 2021, 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.

Functional Expenses Allocation

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Those expenses include employee salaries and benefits and facility expenditures. These indirect expenses are generally allocated to the various program services based on full-time equivalents assigned to the programs. Facility expenditures are allocated based on pro rata square footage and then allocated wages by each function.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Summary of Significant Accounting Policies (continued)

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 fiscal years ended June 30, 2022 and 2021. 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. No tax liability accrual was recorded relating to material uncertain positions taken as management believes there are none.

Fair Value Measurements

GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the Organization in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.

- Level 2 Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

- Level 3 Inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which enhances transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The guidance includes a new definition of a lease, which will be classified as either a finance lease or operating lease. Other changes include certain aspects of lessee accounting, lessor accounting, leveraged leases, sale and leaseback transactions and required disclosures. The guidance is effective for years beginning after December 15, 2021. Management is in the process of determining the effect of the pronouncement on the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are held in 23 accounts with three different financial institutions. Balances in these accounts may periodically exceed federally insured limits.

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 fiscal year-end. |
| <i>Mutual Funds:</i> | Valued at the net asset value of shares held by the Organization at fiscal year-end. |
| <i>Fixed Income Funds:</i> | Includes asset backed securities and corporate bonds valued based on prices provided by independent pricing services. 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. |

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Investments (continued)

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, 2021 and 2020.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2022 and 2021:

2022	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ -	\$ 377,450	\$ -	\$ 377,450
Mutual Funds:				
Growth funds	1,538,820	-	-	1,538,820
Blend funds	1,002,534	-	-	1,002,534
Value funds	1,982,113	-	-	1,982,113
Bond funds	2,159,238	-	-	2,159,238
Allocation funds	2,439,462	-	-	2,439,462
Stock funds	567,540	-	-	567,540
Emerging markets funds	84,667	-	-	84,667
Fixed Income Funds:				
Asset backed securities	-	2,397,134	-	2,397,134
Total assets at fair value	\$ 9,774,374	\$ 2,774,584	\$ -	\$ 12,548,958

2021	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ -	\$ 330,207	\$ -	\$ 330,207
Mutual Funds:				
Growth funds	2,030,256	-	-	2,030,256
Blend funds	1,229,125	-	-	1,229,125
Value funds	1,935,130	-	-	1,935,130
Bond funds	3,383,690	-	-	3,383,690
Allocation funds	3,650,308	-	-	3,650,308
Stock funds	692,166	-	-	692,166
Emerging markets funds	116,673	-	-	116,673
Fixed Income Funds:				
Asset backed securities	-	621,559	-	621,559
Total assets at fair value	\$ 13,037,348	\$ 951,766	\$ -	\$ 13,989,114

Accumulated unrealized gains on investments were approximately \$1,410,000 and \$3,400,000 as of June 30, 2022 and 2021, respectively.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Investments (continued)

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, 2022.

Accounts Receivable

Accounts receivable consisted of the following at June 30:

	2022	2021
Franklin County ADAMH Board	\$ 3,547,346	\$ 2,341,115
Delaware County ADAMH Board	458,157	244,906
BHM Counties ADAMH Board	572,373	495,812
Pharmacy - multiple sources	1,303,185	828,188
Other grants and contracts	2,215,721	2,709,441
OMHAS out of county	11,098,586	9,496,537
OOD	10,355	-
Employees	5,324	8,397
Other	146,377	59,181
	19,357,424	16,183,577
Less allowance for uncollectible accounts	(24,359)	(1,007,624)
Total	\$ 19,333,065	\$ 15,175,953

Property and Equipment

Property and equipment consisted of the following at June 30:

	2022	2021
Land	\$ 590,878	\$ 729,878
Buildings and improvements	11,961,339	11,913,552
Equipment	1,406,169	1,391,798
Furniture	214,895	214,895
Software	1,109,922	1,109,922
Vehicles	542,457	504,687
Leased office equipment	836,813	733,526
Leasehold improvements	174,753	174,753
Artwork	75,847	75,847
	16,913,073	16,848,858
Less: accumulated depreciation and amortization	(10,921,993)	(10,406,467)
Total	\$ 5,991,080	\$ 6,442,391

SOUTHEAST, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note Payable – Line of Credit

The Organization has a revolving line of credit agreement with a bank that provides for borrowings of up to \$3,000,000. Interest is charged on any outstanding balance at the prime rate as of June 30, 2022 and 2021 (7.50% and 4.10% as of June 30, 2022 and 2021, respectively) and was previously charged at the LIBOR rate plus 3.00%. The line of credit is secured by all assets of the Organization. The line of credit agreement matured **April 2022 and the Organization is currently negotiating to renew the agreement**. The balance of the line of credit was \$0 and \$800,000 as of June 30, 2022 and 2021, respectively.

Long-Term Obligations

Notes payable consisted of the following as of June 30:

	2022	2021
Mortgage note payable to a commercial bank in monthly installments of \$4,277, with total final payment of outstanding principal and accrued interest due in August 2024. The note bears interest at 4.99% and is secured by real estate owned by Southeast.	\$ 469,240	\$ 496,077
Mortgage note payable to a commercial bank in monthly principal and interest installments of approximately \$17,000, with total final payment of outstanding principal and accrued interest due in December 2028. The note bears interest at LIBOR plus 2.27% (6.66% and 2.37% at June 30, 2022 and 2021, respectively) and is secured by the mortgaged property.	1,831,855	1,901,259
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.	10,000	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.	15,000	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.	10,000	10,000

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Long-Term Obligations (continued)

	2022	2021
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 \$4,000 at June 30, 2022.	136,000	136,000
Mortgage note payable to the OMHAS to be forgiven in 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 \$99,000 at June 30, 2022.	24,618	30,906
Mortgage note payable to the OMHAS to be forgiven in 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 \$128,000 at June 30, 2022.	68,471	75,206
Mortgage note payable to the OMHAS 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 \$534,000 at June 30, 2022.	252,759	284,009
Mortgage note payable to the OMHAS. 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.	-	63,244

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Long-Term Obligations (continued)

	2022	2021
Mortgage note payable to the OMHAS to be forgiven in monthly amounts through December 2040, 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 \$1,162,000 at June 30, 2022.	216,517	227,620
Mortgage note payable to the United States Department of Housing and Urban Development in 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 \$75,000 at June 30, 2022.	137,604	154,951
Mortgage note payable to the United States Department of Housing and Urban Development in 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 \$66,000 at June 30, 2022.	18,437	35,088
Total	3,190,501	3,439,360
Less: current portion	(192,503)	(249,470)
Long-term portion	\$ 2,997,998	\$ 3,189,890

The aggregate maturities of long-term debt through maturity as of June 30, 2022, are as follows:

Fiscal Year Ended	
2023	\$ 192,503
2024	180,482
2025	565,164
2026	160,865
2027	161,504
Thereafter	1,929,983
Total notes payable future payments	\$ 3,190,501

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Long-Term Obligations (continued)

The Organization leases office equipment under capital leases expiring at various times through 2025. 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:

	2022	2021
Office equipment	\$ 836,813	\$ 733,526
Less: accumulated amortization	(474,265)	(507,327)
Office equipment, net	\$ 362,548	\$ 226,199

Future minimum lease payments required under the lease agreements at June 30, 2022 are as follows:

Fiscal Year Ended	
2023	\$ 89,589
2024	59,877
2025	66,878
2026	74,701
2027	61,464
Total minimum lease payments	352,509
Less: amount representing interest	(25,790)
Present value of minimum lease payments	\$ 326,719

At June 30, 2022, the present value of minimum lease payments due within one year is \$89,589.

Paycheck Protection Program Loan

In connection with the PPP under the CARES Act, in May 2020, the Organization was approved for a term note which allowed for available funds of \$6,221,602. The term note charges interest at a fixed rate of 1%. The original repayment terms included principal and interest payments beginning in December 2020 through May 2022. In June of 2020, the PPP Flexibility Act of 2020 was signed into law, which revised the deferral period for PPP loans, allowing the Organization to defer payments until ten months after the end of the loan forgiveness covered period or when forgiveness is received. Under the terms of the PPP, up to 100% of the loan (and related interest expense) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Organization has applied for forgiveness of the loan, and the entire principal balance and interest were forgiven in June 2021.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021



Long-Term Obligations (continued)

Paycheck Protection Program Loan (continued)

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan, however, loans in excess of \$2 million are subject to a mandatory audit. The audit will include the loan forgiveness application, as well as whether the Organization met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

Operating Lease Obligations

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 into perpetuity. Land lease expense associated with these leases was approximately \$50,000 for each of the fiscal years ended June 30, 2022 and 2021.

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, 2022, were as follows:

Fiscal Year Ended	
2023	\$ 50,000
2024	50,000
2025	50,000
Total	\$ 150,000

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, Ohio. Southeast occupies approximately 100% and 80% of this building as of December 31, 2022 and 2021, respectively, and the remainder is leased to unrelated parties or is available for lease.

Net Assets

Net Assets Without Donor Restrictions - Board Designated

The Board of Directors designated certain net assets to be used for employee scholarships and risk management. 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 the Organization. The Scholarship Fund balance at June 30, 2022 and 2021 was \$280,757 and \$280,621, respectively. 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 Risk Management Fund balance at both June 30, 2022 and 2021 was \$1,533,173. Board designated net assets are held primarily in investments and cash and cash equivalents.

SOUTHEAST, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Net Assets (continued)

Net Assets with Donor Restrictions

Net assets with donor restrictions represent pledges from donors for specific use, and are primarily comprised of net assets designated to support the Fresh A.I.R. Gallery. Net assets with donor restrictions are held in cash and cash equivalents. Amounts are released for operating expenses of the gallery and expenses incurred with the annual fundraising event to benefit the gallery.

Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

	2022	2021
Cash and cash equivalents	\$ 5,453,250	\$ 4,630,383
Investments	12,548,958	13,989,114
Accounts receivable, net	19,333,065	15,175,953
Total financial assets available within one year	37,335,273	33,795,450
Less:		
Amounts unavailable for general expenditures, due to: Restricted by donors with purpose restrictions	107,967	106,515
Total financial assets available within one year	\$ 37,227,306	\$ 33,688,935

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$3,000,000, which it could draw upon. Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

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 \$509,000 and \$415,000 for the fiscal years ended June 30, 2022 and 2021, respectively.

Southeast has a 457(b) top hat plan to provide deferred compensation payments for a select group within management. Southeast did not make any contributions to this plan for the fiscal years ended June 30, 2022 and 2021.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021



Retirement Plan (continued)

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, all FOH employees became Southeast 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 OMHAS. These audits consist of reviewing claim files for documentation sufficiency. Any findings may result in amounts due to the program. No such compliance audits were conducted during 2022. As of June 30, 2022 and 2021, 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 which have not been accrued. During 2014, the Organization discovered past billings for services without required individual service plans (ISPs). Upon discovery, the Organization commenced discussions with the State regarding self-disclosure of the issue and potential penalties and fines to be paid by the Organization. Based on meetings with the State and advice by legal counsel, the Organization has accrued approximately \$273,000 in current liabilities, which is the amount management believes represents the balance owed to the State for failure to maintain adequate client records. 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.

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 OMHAS for services and programs provided. Revenues funded through Franklin County ADAMH represent approximately 19% and 17% of the Organization's total operating revenues and support for 2022 and 2021, respectively. 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.

SOUTHEAST, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2022 and 2021



Governmental Funding (continued)

Concentration Risk (continued)

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, OMHAS 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 \$7,000,000 within the premium contract years for both 2022 and 2021.

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.

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SUPPLEMENTARY INFORMATION

SOUTHEAST, INC. AND AFFILIATES

Consolidating Statement of Financial Position

June 30, 2022

	Southeast, Inc.	Friends of the Homeless, Inc.	Alternative Lifestyles, Inc.	Consolidating/ Eliminating	Consolidated Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 4,991,089	\$ 200,683	\$ 261,478	\$ -	\$ 5,453,250
Restricted cash	2,209	-	3,786	-	5,995
Investments	12,548,958	-	-	-	12,548,958
Accounts receivable, net of allowance for uncollectible accounts	19,333,065	-	-	-	19,333,065
Related party receivables	288,647	326,317	-	(614,964)	-
Inventory	921,302	-	-	-	921,302
Other current assets	627,651	-	-	-	627,651
Total current assets	38,712,921	527,000	265,264	(614,964)	38,890,221
Property and Equipment, net	5,693,655	23,074	274,351	-	5,991,080
TOTAL ASSETS	\$ 44,406,576	\$ 550,074	\$ 539,615	\$(614,964)	\$ 44,881,301
LIABILITIES AND NET ASSETS					
Current Liabilities					
Long-term obligations, current maturities	\$ 244,644	\$ -	\$ 37,448	\$ -	\$ 282,092
Note payable - line of credit	-	-	-	-	-
Accounts payable	820,760	-	-	-	820,760
Related party payables	-	-	614,964	(614,964)	-
Amounts held in trust	2,209	-	3,786	-	5,995
Accrued payroll and related liabilities	2,751,713	-	-	-	2,751,713
Deferred revenue	3,055,658	-	-	-	3,055,658
Total current liabilities	6,874,984	-	656,198	(614,964)	6,916,218
Long-Term Obligations, net of current portion	2,927,480	189,055	118,593	-	3,235,128
Total liabilities	9,802,464	189,055	774,791	(614,964)	10,151,346
Net Assets (Deficit in Net Assets)					
Net assets without donor restrictions	34,496,145	361,019	(235,176)	-	34,621,988
Net assets with donor restrictions	107,967	-	-	-	107,967
Total net assets (deficit in net assets)	34,604,112	361,019	(235,176)	-	34,729,955
TOTAL LIABILITIES AND NET ASSETS	\$ 44,406,576	\$ 550,074	\$ 539,615	\$(614,964)	\$ 44,881,301

See Independent Auditor's Report.

SOUTHEAST, INC. AND AFFILIATES

Consolidating Statement of Activities and Changes in Net Assets For the Fiscal Year Ended June 30, 2022

	Southeast, Inc.	Friends of the Homeless, Inc.	Alternative Lifestyles, Inc.	Consolidated Total
Changes in Net Assets without Donor Restrictions				
Operating revenues and support:				
ADAMH purchase-of-service	\$ 8,579,409	\$ -	\$ -	\$ 8,579,409
ADAMH cost reimbursement	5,198,688	-	-	5,198,688
Medicaid	7,827,073	-	-	7,827,073
Medicaid match	1,794,844	-	-	1,794,844
Apothecare pharmacy	21,227,308	-	-	21,227,308
First and third party fees	2,716,061	-	-	2,716,061
Grants and Contracts	9,862,880	-	-	9,862,880
Other operating income	540,095	-	144,695	684,790
In-kind donations	-	298,935	-	298,935
Forgiveness of advances from OMHAS	118,619	-	-	118,619
Release of restrictions	-	-	-	-
Total operating revenues and support	57,864,977	298,935	144,695	58,308,607
Operating expenses:				
Clinical services	26,179,972	-	-	26,179,972
Housing	3,148,506	-	175,798	3,324,304
Vocational	6,041,822	-	-	6,041,822
Apothecare pharmacy	12,576,994	-	-	12,576,994
Prevention education	781,929	-	-	781,929
Homeless shelter programs	3,604,192	312,839	-	3,917,031
General and administrative	2,423,867	-	-	2,423,867
Total operating expenses	54,757,282	312,839	175,798	55,245,919
Change in net assets without donor restrictions from operations	3,107,695	(13,904)	(31,103)	3,062,688
Other income (expense):				
Interest and dividend income	246,198	-	15	246,213
Unrealized and realized losses on investments	(1,940,390)	-	-	(1,940,390)
Contributions	80,133	12,999	-	93,132
Rental income	13,499	-	-	13,499
Rental expenses	(34,121)	-	-	(34,121)
Total other (expense) income	(1,634,681)	12,999	15	(1,621,667)
Change in Net Assets without Donor Restrictions	1,473,014	(905)	(31,088)	1,441,021
Net Assets without Donor Restrictions - Beginning of Year	33,023,131	361,924	(204,088)	33,180,967
Net Assets without Donor Restrictions - End of Year	\$ 34,496,145	\$ 361,019	\$(235,176)	\$ 34,621,988

See Independent Auditor's Report.

SOUTHEAST, INC. AND AFFILIATES
Consolidating Statement of Activities and Changes in Net Assets (continued)
For the Fiscal Year Ended June 30, 2022

	Southeast, Inc.	Friends of the Homeless, Inc.	Alternative Lifestyles, Inc.	Consolidated Total
Changes in Net Assets with Donor Restrictions				
Special events, net	\$ 1,452	\$ -	\$ -	\$ 1,452
Release of restrictions	-	-	-	-
Change in Net Assets with Donor Restrictions	1,452	-	-	1,452
Net Assets with Donor Restrictions - Beginning of Year	106,515	-	-	106,515
Net Assets with Donor Restrictions - End of Year	\$ 107,967	\$ -	\$ -	\$ 107,967
Summary of Changes in Net Assets				
Net assets without donor restrictions	\$ 1,473,014	\$(905)	\$(31,088)	\$ 1,441,021
Net assets with donor restrictions	1,452	-	-	1,452
Total Changes in Net Assets	\$ 1,474,466	\$(905)	\$(31,088)	\$ 1,442,473

See Independent Auditor's Report.

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SOUTHEAST, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Health Resources and Services Administration (HRSA):			
Direct: Health Center Cluster	93.224	N/A	\$ 4,196,412
Direct: COVID-19 - Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	N/A	102,042
Direct: COVID-19 - FY 2020 Expanding Capacity for Coronavirus Testing (ECT) (H8E)	93.527	N/A	104,647
Passed through the Ohio Department of Health:			
Ryan White Federal HIV Care	93.917	31-1334820	223,242
Substance Abuse and Mental Health Services Administration:			
Health Center Cluster	93.243	N/A	169,808
CCBHC	93.829	N/A	504,387
CMHC	93.958	N/A	327,102
Passed through Child and Family Collaborative of Ohio LLC:			
Temporary Assistance for Needy Families	93.558	1510HFOST	622,582
Passed through the Coalition on Homelessness and Housing in Ohio (COHHIO)			
Ohio SOAR	93.788	31-1189029	558,823
Passed through the Ohio Department of Mental Health and the Franklin County ADAMH Board:			
Project for Assistance in Transition from Homelessness (PATH)	93.150	31-6400067	329,504
Passed through the Center for Medicare and Medicaid Services			
CMS Navigators	93.332	N/A	136,321
Total U.S. Department of Health and Human Services			\$ 7,274,870

See Independent Auditor's Report.

SOUTHEAST, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct: Project Rental Assistance Contract (FHA Project Number 043-EH060)	93.778	N/A	\$ 21,506
Direct: Project Rental Assistance Contract (FHA Project Number 043-EH219)	14.157	N/A	45,642
Direct: Loan (FHA Project Number 043-EH060)	14.157	N/A	35,088
Direct: Loan (FHA Project Number 043-EH219)	93.778	N/A	154,951
Passed through Ohio Office of Community Development:			
Emergency Solutions Grant	14.231		314,143
Emergency Solutions COVID Grant	14.231		147,854
Passed through Community Shelter Board:			
Emergency Solutions Grant	14.231	31-1181284	26,000
Passed through Community Housing Network:			
Transitional Housing	14.235	38-3372734	242,332
Total U.S. Department of Housing and Urban Development			987,516
Social Security Administration:			
Direct: Work Incentives Planning and Assistance (WIPA)	96.008	N/A	182,715
Total Expenditures of Federal Awards			\$ 8,445,101

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal award activity of Southeast, Inc. and Affiliates, under programs of the federal government for the year ended June 30, 2021 in accordance with the requirements of Title 2 U. S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeast, Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southeast, Inc. and Affiliates.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Southeast, Inc. and Affiliates has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

See Independent Auditor's Report.

SOUTHEAST, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2022



Note 3. Federal Loan Programs

The federal loan programs listed subsequently are administered directly by U.S. Department of Housing and Urban Development and balances and transactions relating to the programs are included in the U.S. Department of Housing and Urban Development's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding as June 30, 2022 consist of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2021
14.157	FHA Project Number 043-EH060	\$ 35,088
93.778	FHA Project Number 043-EH219	\$ 154,951

See Independent Auditor's Report.

SOUTHEAST, INC. AND AFFILIATES**ADAMH Key Performance Indicators****For the Fiscal Year Ended June 30, 2022****(With Comparative Totals for the Fiscal Year Ended June 30, 2021)**

			2022	2021
Current Ratio				
$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{38,890,221}{6,916,218}$	=	5.62	6.13
Debt to Equity Ratio				
$\frac{\text{Total liabilities}}{\text{Total net assets}}$	$\frac{10,151,346}{34,729,955}$	=	0.29	0.28
Administrative Costs to Expenses				
$\frac{\text{Total administrative costs}}{\text{Total expenses}}$	$\frac{2,423,867}{55,280,040}$	=	0.04	0.06
Revenue to Expenses				
$\frac{\text{Total revenue}}{\text{Total expenses}}$	$\frac{56,721,061}{55,280,040}$	=	1.03	1.08
Fund Balance Reserve				
$\frac{\text{Total net assets}}{\text{Total expenses / 12}}$	$\frac{34,729,955}{4,606,670}$	=	7.54	7.70
Percent of Funding From Franklin County ADAMH Board				
$\frac{\text{Total revenue from Franklin County ADAMH}}{\text{Total revenue}}$	$\frac{10,885,442}{56,721,061}$	=	0.19	0.19
Cash to Average Days Expenses				
$\frac{\text{Cash}}{\text{Expenses / 365 days}}$	$\frac{5,453,250}{151,452}$	=	36.01	32.58

See Independent Auditor's Report.

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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 (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated DATE.

Report 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.

To the Board of Directors
Southeast, Inc. and Affiliates
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Report on 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.

Columbus, Ohio

DATE

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 Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Southeast, Inc. and Affiliates'** (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

To the Board of Directors
Southeast, Inc. and Affiliates
Page 2

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Directors
Southeast, Inc. and Affiliates
Page 3

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Columbus, Ohio

DATE

SOUTHEAST, INC. AND AFFILIATES
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022



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 X No
- Significant deficiency(ies) identified? Yes X None Reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor's report issued on compliance for major programs - unmodified.

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported
- Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 of the Uniform Guidance? Yes X No

Identification of Major Programs:

CFDA Number	Name of Federal Program
93.224	U.S. Department of Health and Human Services; Health Resources and Service Administration (HRSA); Health Center Cluster
Dollar threshold used to distinguish between Type A and Type B programs	\$ <u> 750,000 </u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

See Independent Auditor’s Report.

SOUTHEAST, INC. AND AFFILIATES
Schedule of Findings and Questioned Costs (continued)
For the Fiscal Year Ended June 30, 2022



Section II – Findings Related to the Consolidated Financial Statements Required to be Reported in Accordance with *Government Auditing Standards*

None.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Summary of Status of Prior Year Findings

There were no prior year audit findings.