Audit Results for

Southeast, Inc. and Affiliates

June 30, 2022

GBQ

Matters to be Communicated to Those Charged with Governance

Generally accepted auditing standards in the United States of America (U.S. GAAS) require the auditor to ensure that those charged with governance receive information regarding the results of the audit that may assist those charged with governance in overseeing management's financial reporting and disclosure process. Below we summarize these required communications.

The Auditor's Responsibility Under Generally Accepted Auditing Standards

We were engaged to conduct an audit of the consolidated financial statements as of and for the year ended June 30, 2022 for Southeast, Inc. and Affiliates (the Organization). The consolidated financial statements are the responsibility of management. Our audit was designed in accordance with U.S. GAAS, which provides for reasonable, rather than absolute, assurance that the consolidated financial statements are free of material misstatement. We have the responsibility to opine on whether the consolidated financial statements are fairly stated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

As part of our audit, we obtained a sufficient understanding of the internal controls to plan our audit, to determine the nature, timing and extent of testing performed and not to provide assurance on internal controls.

We have issued our Independent Auditor's Report reflecting an unmodified opinion for the year ended June 30, 2022.

We were also required to issue an 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* and an Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. Our audit did not identify any deficiencies in internal control that we consider to be material weaknesses. Additionally, the results of our tests on compliance disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* In our opinion, the Organization complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on its major programs for the year ended June 30, 2022.

Significant Accounting Policies

The significant accounting policies used by the Organization are described in the notes to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. The accounting policies used are appropriate and are in compliance with generally accepted accounting principles.

Management Judgments and Accounting Estimates

The preparation of consolidated financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the statements and the possibility that future events may differ significantly from management's expectations. The accounting estimates made by management for the preparation of the consolidated financial statements for the year ended June 30, 2022, were determined to be appropriate under U.S. GAAP. The following are the identifiable estimates in the consolidated financial statements:

1. Assumptions used to determine the fair market value of investments.
2. Estimated useful lives of property and equipment.
3. Inventory obsolescence reserves.
4. Valuation of donated services and materials.
5. Allowance for doubtful accounts.
6. Allocation of expenses among functional areas.

Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in the year ended June 30, 2022.

Significant Unusual Transactions

The methods used to account for significant unusual transaction, those transactions that are outside the normal course of business or that otherwise are unusual based due to their timing, size, or nature are considered appropriate. There were no significant unusual transactions during the year ended June 30, 2022.

Financial Statement Disclosures

The overall goal of the disclosures in the consolidated financial statements is to provide relevant information to the reader in as neutral, concise, consistent and clear a manner as possible while also complying with the disclosure requirements of generally accepted accounting principles. In addition, the disclosures made also require judgment due to the potential sensitive nature of certain items. The disclosures made in the consolidated financial statements for the year ended June 30, 2022 were determined to be appropriate and in compliance with generally accepted accounting principles.

Unrecorded Audit Differences

A summary of unrecorded audit differences noted during the June 30, 2022 audit is attached. These entries are not required to be recorded due to the immateriality of the amounts.

Audit Adjustments

A summary of audit adjustments noted during the June 30, 2022 audit is attached.

Significant Changes to Planned Audit Strategy or Significant Risks Initially Identified

There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.

Difficulties Encountered in Performing the Audit

We encountered significant delays in receiving supporting documentation from Organization personnel resulting in delays in issuing the financial statements. We encountered no other major difficulties in working with any Organization personnel while performing and completing our audit.

Disagreements with Management

We had no disagreements with management.

Representations the Auditor is Requesting from Management

All requested representations included in management representation letter provided to management with the draft consolidated financial statements for the audit referred to above are available upon request.

Irregularities and Illegal Acts

No such items were noted during the completion of our audit.

Significant Findings and Issues Involving Related Parties

We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the consolidated financial statements from achieving fair presentation.

Consultation with Other Accountants

We are not aware of management consulting with other independent accountants subsequent. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.

Difficult or Contentious Matters

There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

Independence

Our engagement letter to you dated describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Organization with respect to independence as agreed to by the Organization. Please refer to that letter for further information.

Significant Issues Discussed with Management

In planning and performing our audit of the consolidated financial statements referred to above as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal controls over financial reporting (internal controls) as a basis for designing our auditing procedures 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 the Organization's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Organization's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness are as follows:

Category	Definition
Deficiency in 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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

We have communicated to management of the Company control deficiencies and provided suggestions for improvement of those deficiencies that were identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies.

Review the Accounts Receivable and Allowance for Doubtful Accounts

Recommendation:

The Company has been booking accounts receivable related to claims at 60% of the gross amount and the allowance for doubtful accounts was written off and no further allowance was recorded in regards to claims. This practice has the effect of misstating income and also not providing management with accurate monthly financial information. We recommend that accounts receivable be recorded at the gross amount less any contractual allowance and that the policy for providing for uncollectible accounts be reviewed and the allowance be adjusted based on an analysis of aged receivables.

Management Response:

Subsequent to the June 30, 2022 year end the Company hired a new Chief Financial Officer and as a result, Southeast will begin recording gross accounts receivable and allowance at the beginning of fiscal year 2024. Management is in the process of developing a contractual model in accordance with accounting standards.

Future Reporting Considerations

The accounting and financial reporting landscape continues to evolve as evidenced through recently issued standards and ongoing projects by the Financial Accounting Standards Board. As a matter for consideration, we noted the following changes in accounting guidance which will be applicable to the Organization.

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which enhances transparency and comparability among organizations by recognizing substantially all leases 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 an operating lease. Only short-term leases will not be recognized on the balance sheet, subject to certain exceptions. Other changes include elements of lessee accounting, lessor accounting, leveraged leases, sale and leaseback transactions and required disclosures.

Recently, the FASB deferred the effective date for non-public business entities to fiscal years beginning after December 15, 2021, with early adoption permitted for all entities (for the Organization, becomes effective for the fiscal year July 1, 2022 through June 30, 2023). In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.

While adoption and compliance with the new lease accounting standard is the responsibility of management, GBQ has resources available to assist management teams with implementation and ongoing reporting requirements.

GBQ would be happy to provide the Organization with the guidance related to those changes to accounting literature and to provide assistance with the implementation of these changes.

This communication is intended solely for the information and use of those charged with governance and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

* * * * *

We are pleased to have the opportunity to provide services to Southeast, Inc. and Affiliates and wish to extend our appreciation to Rebecca Carr, Laurie Wilson and their staff for their assistance during our audit.

Please contact Mary Stucke or Mike Purcell at 614.221.1120 if you have any questions or if we can assist you with any of the recommendations included above.

Thank you.

GBQ Partners LLC

Columbus, Ohio
March 30, 2023

Southeast, Inc. & Affiliates
Year End: June 30, 2022
Adjusting Journal Entries
Date: 7/1/2021 To 6/30/2022

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence	Misstatement
		Net Income (Loss) Before Adjustments					1,442,478.00			
1	6/30/2022	AR - Affiliates	11900 FOH	TB-ADJ		-245,794.00				
1	6/30/2022	Land	16100 ALS	TB-ADJ	16,835.00					
1	6/30/2022	Buildings	16200 FOH	TB-ADJ		-1,145,035.00				
1	6/30/2022	Buildings	16200 ALS	TB-ADJ		-191,357.00				
1	6/30/2022	Leasehold Improvements	16300 FOH	TB-ADJ		-93,400.00				
1	6/30/2022	Equipment	16420 FOH	TB-ADJ		-94,103.00				
1	6/30/2022	Vehicles	16700 ALS	TB-ADJ		-5,117.00				
1	6/30/2022	Accumulated Depreciation	17100 FOH	TB-ADJ	1,332,538.00					
1	6/30/2022	Accumulated Depreciation	17100 ALS	TB-ADJ	280,222.00					
1	6/30/2022	Due To Affiliates	22900 FOH	TB-ADJ	245,794.00					
1	6/30/2022	Net Assets Unrestricted	30100 FOH	TB-ADJ						
1	6/30/2022	Net Assets Unrestricted	30100 ALS	TB-ADJ		-100,583.00				
1	6/30/2022	Depreciation - Building & Improvement	69100 FOH	TB-ADJ						
		PBC Entry - To record the carryforward purchase accounting trial balance							Recurring	
					1,875,389.00	-1,875,389.00	1,442,478.00	0.00		
3	6/30/2022	Cash - SE Payee Account	10964 SEI	A.02						
3	6/30/2022	Cash - Cornerstone Payee Account	10965 SEI	A.02						
3	6/30/2022	Cash - BHM Payee Account	10966 SEI	A.02						
3	6/30/2022	SE Payee Account	23202 SEI	A.02						
3	6/30/2022	Cornerstone Payee Account	23203 SEI	A.02						
3	6/30/2022	BHM Payee Account	23204 SEI	A.02						
		To record the various payee accounts to properly reflect their cash and liability balances for agency held funds.							Recurring	
					0.00	0.00	1,442,478.00	0.00		
11	6/30/2022	Net Assets Unrestricted	30100 SEI	WW1.NFP. 02	67,272.00					
11	6/30/2022	Net Assets Board Designated Scholarship	30210 SEI	WW1.NFP. 02	126.00					
11	6/30/2022	Net Assets Temporarily Restricted Gallery	30510 SEI	WW1.NFP. 02		-67,403.00				
11	6/30/2022	Miscellaneous Other Expense	69900 SEI	WW1.NFP. 02	5.00					
		To roll net assets from PYFS								
					67,403.00	-67,403.00	1,442,473.00	(5.00)		
12	6/30/2022	AR - ADAMH FC Claims	11150 SEI			-2,901,781.00				
12	6/30/2022	Deferred Revenue - ADAMH Franklin County	23100 SEI		2,901,781.00					
		PBC - To adjust AR and deferred revenue								
					2,901,781.00	-2,901,781.00	1,442,473.00	0.00		
					4,844,573.00	**-4,844,573.00**	**1,442,473.00**	**(5.00)**		

March 30, 2023

GBQ Partners, LLC
230 West Street
Suite 700
Columbus, OH 43215

Ladies and gentlemen:

We are providing this letter in connection with your audits of the consolidated statements of financial position of Southeast, Inc. and Affiliates (the Organization) 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, for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of the Organization in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). We confirm that we are responsible for the preparation and fair presentation in the consolidated financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. GAAP.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audits:

(1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 11, 2023, for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP.

(2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for 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.

(3) The consolidated financial statements include all assets and liabilities under the entity's control.

(4) We have made available to you:

(a) All financial records, related data, and federal awards (including amendments, if any, and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities), including the names of all related parties and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.

(b) All additional information that you have requested from us for the purpose of the audit.

(c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

(d) Minutes of the meetings of directors and committees of directors that were held from March 15, 2021 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.

(5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

(6) There are no material transactions that have not been properly recorded in the accounting records underlying the consolidated financial statements or schedule of expenditures of federal awards (SEFA). All consolidated financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit (as attached) have been corrected, (except for those attached "uncorrected misstatements." In our opinion, the effects of not correcting such identified consolidated financial statement misstatements are, both individually and in the aggregate, immaterial to the consolidated financial statements taken as a whole). We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.

(7) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:

(a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the consolidated financial statements.

(b) Fraud or suspected fraud involving others where the fraud could have a material effect on the consolidated financial statements.

(c) Allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulatory agencies, grantors, law firms, predecessor accounting firms, or others.

(d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects, both quantitatively and qualitatively, should be considered when preparing the financial statements.

(8) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.

(9) The following, where applicable and material, have been properly recorded or disclosed in the consolidated financial statements:

(a) The identity of related parties and all related party relationships and transactions of which we are aware (e.g., transactions with unconsolidated subsidiaries; affiliates under common control with the entity or that are directly or indirectly controlled by the entity; directors, management, and members of their immediate families), including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

(b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

(c) All derivative instruments and any embedded derivative instruments that require bifurcation, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*.

(d) Guarantees, whether written or oral, under which the Organization is contingently liable.

(e) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275-10, *Risk and Uncertainties - Overall*. In that regard, all accounting estimates that could be material to the consolidated financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances. The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with U.S. GAAP. (Significant estimates are estimates at the statement of financial position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.)

(f) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*, including:

- Pending or anticipated tax assessments or refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
- Written or oral guarantees, endorsements, or unused letters of credit;
- Unusual warranties or guarantees; or
- Labor claims or negotiations.

FASB ASC 450-20, *Loss Contingencies*, requires loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

(g) Commitments, such as:

- Major fixed asset purchase agreements;
- More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
- Deferred compensation, bonuses, pension and profit-sharing plans, or severance pay; or
- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity.

(h) Joint ventures or other participations, the detailed transactions of which are not carried on our books.

(10) There are no:

(a) Violations or possible violations of laws or regulations and provisions of contracts and grant agreements (including the failure to file reports required by regulatory bodies (e.g., EPA, OCC, FDIC, DOL, Medicare, U.S. Customs Service, HIPAA, IRS, Dept. of Commerce, state and municipal authorities) when the effects of failing to file could be material to the consolidated financial statements) whose effects should be considered for disclosure in the consolidated financial statements or as a basis for recording a loss contingency.

(b) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the consolidated financial statements in accordance with FASB ASC 450, *Contingencies*.

(c) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.

(d) Designation of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the consolidated financial statements.

(11) Receivables recorded in the consolidated financial statements represent valid claims against debtors or grantors for sales, contributions, pledges, or other charges arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.

(12) With regard to items reported at fair value: (a) the underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action, (b) the measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied, (c) the disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP and (d) there are no subsequent events that require adjustments to the fair value measurements and disclosures included in the consolidated financial statements.

(13) The methods and significant assumptions used to determine fair values of investments are as follows:

Money Market Funds: Valued at the net asset value of shares held by the Organization at fiscal year-end.

Mutual Funds: Valued at the net asset value of shares held by the Organization at fiscal year-end.

Fixed Income Funds: 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.

The methods and significant assumptions used are in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, and take into account all the considerations therein.

(14) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as disclosed in the footnotes to the consolidated financial statements.

(15) We have complied with all aspects of grant agreements and other contractual agreements, including debt covenants, that would have a material effect on the consolidated financial statements in the event of noncompliance.

(16) No discussions have taken place with your firm's personnel regarding employment with the Organization.

(17) Southeast, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code as evidenced by determination letter dated August 17, 1995. Alternative Lifestyles, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code as evidenced by determination letter dated August 30, 1984. Friends of the Homeless, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code as evidenced by determination letter dated October 6, 1999. Any activities of which we are aware that would jeopardize our tax-exempt status, all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

(18) We have complied with all restrictions on resources, including donor restrictions, and all aspects of contractual and grant agreements that would have a material effect on the consolidated financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

(19) The basis used for the allocation of functional expenses is reasonable and is in compliance with the provisions of FASB ASU 2016-14.

(20) Provision has been made, when material, for estimated retroactive adjustments by third party payers under reimbursement agreements.

(21) As part of your audit, you assisted with the preparation of the consolidated financial statements and related notes, the schedule of expenditures of federal awards, the Federal Audit Clearinghouse Data Collection Form, and federal, state and local tax compliance and tax return preparation services. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual within senior management, who possesses suitable skill, knowledge, or experience to evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the financial statements and related notes, the schedule of expenditures of federal awards, the Federal Audit Clearinghouse Data Collection Form, and federal, state and local tax compliance and tax return preparation services.

(22) We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

(23) With respect to federal award programs:

(a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as applicable.

(b) We have, in accordance with the Uniform Guidance, identified and disclosed to you, in the SEFA, expenditures made during the audit period for all government programs and related activities provided by federal agencies in the form of federal awards, grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

(c) We acknowledge our responsibility for the preparation of the SEFA and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have outlined any significant assumptions and interpretations underlying the measurement or presentation of the SEFA in the notes to the SEFA.

(d) We have notified you of federal awards and funding increments that were received for awards received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.

(e) We will include the auditor's report on the SEFA in any document that contains the SEFA and that indicates you have reported on such information.

(f) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

(g) We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

(h) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control.

(i) We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

(j) We have received no requests from a federal agency to audit one or more specific programs as a major program.

(k) We have complied, in all material respects, with the direct and material compliance requirements, including, when applicable, those set forth in the OMB *Compliance Supplement*, relating to federal awards and have confirmed that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.

(l) We have not received any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

(m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in Uniform Guidance and OMB Circular A-122, "*Cost Principles for Nonprofit Organizations*," and Subpart C, "*Cost Sharing and Matching*," of OMB Circular A-110, "*Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*".

(n) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.

(o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

(p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic consolidated financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards.

(q) The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

(r) We have charged costs to federal awards in accordance with applicable cost principles.

(s) We are responsible for, and have accurately completed, the appropriate sections of the Data Collection Form as required by the Uniform Guidance. The final version of the applicable audit reporting package, which includes your signed auditor's reports, that we will submit to the Federal Audit Clearinghouse (FAC) will be identical to the final version of such documents that you provided to us.

(t) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

(u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

(v) As part of your audit, you assisted with the preparation of the consolidated financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual within senior management, who possesses suitable skill, knowledge, or experience to evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those consolidated financial statements and related notes and schedule of expenditures of federal awards.

(24) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incidents could have a material effect on the consolidated financial statements.

(25) We acknowledge our responsibility for the presentation of the consolidating statement of financial position and consolidating statement of activities and changes in net assets in accordance with U.S. GAAP, and the ADAMH key performance indicators and Schedule of Ohio Development Services Agency in accordance with criteria communicated by those respective agencies, including identification of financial accounts comprising the balances presented, and we believe the identified supplementary information, including its form and content, is fairly presented in accordance with applicable criteria used to prepare the information. The methods of measurement or presentation have not changed from those used in the prior period and we have disclosed to you any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

(26) Provision, when material, has been made (i) to reduce excess or obsolete inventories to their estimated net realizable value and (ii) for any loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

(27) Inventories recorded in the financial statements are stated at the lower of cost or net realizable value, cost being determined on the basis of FIFO.

(28) We have no plans or intentions to discontinue the operations of any program or discontinue any significant services or activities.

(29) With the purchase of Community Mental Health Services and Center of Vocational Alternatives (COVA), the Organization obtained several properties that were built with advances from the State of Ohio for which mortgage notes payable were established. The Organization represents the following regarding these advances:

   (a) The mortgage notes payable are interest free and will be forgiven in equal monthly installments over 40 years.

   (b) The dates represented as the amortization completion dates in the consolidated financial statements are accurate.

   (c) The only covenants specified in the agreements are that the properties must be "used to provide mental health care services, pursuant to the contract".

   (d) The mortgage notes payable are secured by the real estate associated with the applicable mortgages.

   (e) The ending balances of the mortgage notes payable disclosed in the consolidated financial statements are accurate and complete at June 30, 2022.

(30) With the purchase of Friends of the Homeless Inc., the Organization obtained several properties that have outstanding notes payable with the City of Columbus. The Organization represents the following regarding these notes payable to the City:

(a) The "note is interest free and no principal payments shall be required unless the undersigned transfers ownership of property described in the aforementioned Mortgage Deed or if said property is not used for temporary housing of homeless individuals or families". As long as property is transferred to another entity that is using it for the same purpose, then the outstanding debt follows the property.

(b) There is no forgiveness of the debt. It remains at its principal balance so long as Southeast, Inc. and Affiliates owns and operates the property as temporary housing of homeless individuals or families.

(c) Southeast is subject to no other covenants regarding these Friends of the Homeless properties.

(d) The ending balances of the loans disclosed in the consolidated financial statements are accurate and complete at June 30, 2022.

(31) With the purchase of Community Mental Health Services of Belmont, Monroe and Harrison County, the Organization obtained two HUD properties that were built by HUD for which two mortgages exist. The Organization represents the following regarding the mortgages from HUD on these properties:

(a) The HUD property debt bears interest at 9.25% and is payable in monthly installments of $2,579 for Commodore Court and $1,742 for Four Oaks.

(b) The dates represented as the amortization completion dates in the consolidated financial statements are accurate.

(c) The only covenant is that Southeast, Inc. must continue to operate the homes as HUD properties. If they decide to operate them as apartments, then the mortgage is payable to HUD in full. In addition, Southeast, Inc. is free to sell the HUD homes at any time, but then the mortgage is payable in full.

(d) The debt is secured by the real estate associated with the applicable advances.

(e) The ending balances of the debt disclosed in the consolidated financial statements are accurate and complete at June 30, 2022.

(32) Relating to cost reports filed with third parties and related third party funding, management asserts that:

(a) All required cost reports and similar reports have been properly filed.

(b) As members of management, we are responsible for the accuracy and propriety of all cost reports filed with third party funding agencies.

(c) In all material aspects, we believe that costs reflected in such reports are appropriate and allowable under the applicable reimbursement rules and regulations.

(d) In all material aspects, we believe that costs reported in reimbursable cost centers are patient-related and properly assigned/allocated to applicable payors.

(e) In all material aspects, we believe that the reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.

(f) We have fully disclosed in the cost report all significant items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal.

(g) Any third-party settlements recorded in the consolidated financial statements include differences between filed (and to be filed) cost reports and calculated settlements, which are based on anticipated adjustments for known adjustments made to previous years' cost reports that are also expected to affect a subsequent year's cost report, other historical experience, and/or new or ambiguous regulations that may be subject to different interpretations or the results of cost report audits by the appropriate third party agency.

(h) Management has provided to you, as you requested, available documents issued by third party funding agencies pertaining to open reimbursement years for which potential liabilities have been communicated by those agencies, and management has adequately assessed this potential liability, estimated any material amounts probable to be due to third party agencies, including any effects on future open reimbursement years yet to be finalized by the third party agency, and recorded such amounts on the consolidated financial statements.

(i) With respect to the settlement with the State of Ohio, we have disclosed to you all terms of the settlement.

(33) In connection with any electronic presentation of the consolidated financial statements and your audit report thereon on our web site, we acknowledge that:

- We are responsible for the preparation, presentation, and content of the consolidated financial statements in the electronic format.

- If your audit report is presented on our web site, the full consolidated financial statements upon which you reported and to which you appended your signed report will be presented.
- We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the consolidated financial statements and other supplementary information, but which is not part of the audited consolidated financial statements or other financial information covered by your audit report.

- We have assessed the security over consolidated financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.

- If the electronic consolidated financial statements are generally made available to the public on our web site, we will include a notification to the reader that such consolidated financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed consolidated financial statements will be provided on request.

(34) We have reviewed long-lived assets to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of such assets might not be recoverable and have appropriately recorded any adjustments required.

(35) To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned consolidated financial statements or in the schedule of findings and questioned costs.

(36) To the extent our normal procedures and controls related to our financial close or other reporting processes at our location were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the consolidated financial statements in accordance with U.S. GAAP.

(37) Other than as disclosed in the notes to the consolidated financial statetments, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements, including considerations of impact of the COVID-19 outbreak regarding impairments, estimates, valuation allowances and going concern.

(38) Disclosures included in the consolidated financial statements regarding the relevant significant business, financial, and reporting impacts of the COVID-19 outbreak accurately reflect management's full consideration of such impacts.

(39) The Company received a Paycheck Protection Program (PPP) loan, as disclosed within the consolidated financial statements. We represent that we have complied with the terms of the PPP and the CARES Act, and received 100% forgiveness of the loan in June 2021.

Very truly yours,

DocuSigned by:
Bill Lee
D7F80AA3D0EA480...

Bill Lee
Executive Director

DocuSigned by:
Rebecca Carr
6B0DAB02F0A24CD...

Rebecca Carr
Chief Financial Officer

BL/JB/lb