PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.
AUDIT COMMITTEE AND MANAGEMENT

2020 Audit Communications

HAYFLICH.
Certified Public Accountants | Business Advisors
300 8th Street, 3rd Floor
Huntington, WV 25701

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PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

HUNTINGTON, WEST VIRGINIA

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Prestera Center for Mental Health Services, Inc. and Subsidiary
Huntington, West Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Prestera Center for Mental Health Services, Inc. and Subsidiary (nonprofit organizations), which comprise the consolidated balance sheets as of June 30, 2020 and 2019, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Midland Behavioral Health, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Prestera Center for Mental Health Services, Inc. and Subsidiary as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of state awards is presented for purposes of additional analysis and is not a required part of the financial statements. 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 also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021, on our consideration of Prestera Center for Mental Health Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Prestera Center for Mental Health Services, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prestera Center for Mental Health Services, Inc.'s internal control over financial reporting and compliance.

Our previous report dated March 12, 2020, has been withdrawn and the consolidated financial statements have been restated as discussed in note 20.

Hayflich CPAs PLLC

Huntington, West Virginia
June 22, 2021

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020 AND 2019

ASSETS	2020	2019 (*Restated*)
Current Assets		
Cash and cash equivalents	$ 251,876	$ 369,098
Cash - client funds	839,179	624,387
Grants and contracts receivable	3,703,982	1,889,039
Client fees receivable, net of allowance for doubtful accounts of $1,390,521 in 2020 and $1,630,059 in 2019.	3,294,911	4,157,307
Accounts receivable - related parties	102,668	12,174
Accounts receivable - other	28,208	29,108
Prepaid expenses	26,594	21,216
Investments	1,962,326	1,891,197
Total Current Assets	10,209,744	8,993,526
Property and Equipment, net	7,072,877	7,480,366
Other Assets		
Investments	-	50,000
Total Other Assets	-	50,000
TOTAL ASSETS	$ 17,282,621	$ 16,523,892
LIABILITIES AND NET ASSETS		
Current Liabilities		
Line of credit	$ 2,956,723	$ 1,094,373
Accounts payable and accrued expenses	2,943,512	3,615,020
Client funds	839,179	624,387
Accrued payroll and vacation	1,616,984	1,460,956
Current maturities of long-term obligations	291,348	427,198
Deferred revenue	388,540	-
Total Current Liabilities	9,036,286	7,221,934
Long-Term Liabilities		
Long-term obligations, net of current portion	2,320,009	2,457,684
Postretirement benefit obligation	196,634	195,094
Total Liabilities	11,552,929	9,874,712
Net Assets		
Without restrictions	5,729,692	6,649,180
With restrictions	-	-
Total Net Assets	5,729,692	6,649,180
TOTAL LIABILITIES AND NET ASSETS	$ 17,282,621	$ 16,523,892

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Unrestricted revenues, gains and other support:		*(Restated)*
Client service revenue (net of allowances and discounts)	$ 20,544,589	$ 20,492,188
Provision for bad debts	(1,295,776)	(866,990)
Net client service revenue less provision for bad debts	19,248,813	19,625,198
Federal, state and other grants and contracts	15,831,402	16,364,670
Room and board	600,864	790,794
Investment income	91,332	124,522
In-kind contributions for use of facilities	670,095	675,957
Other income	262,722	465,974
Loss on sale of fixed assets	-	(5,929)
Total unrestricted revenues, gains and other support	36,705,228	38,041,186
Expenses:		
Salaries and wages	21,070,669	21,849,359
Employee benefits	4,849,593	5,811,125
Contracted services	3,436,663	2,628,205
Professional fees	81,088	8,690
Laboratory fees	90,443	133,724
Supplies	1,894,266	1,714,617
Education	104,019	107,501
Travel	392,953	536,313
Postage	37,015	31,522
Advertising	115,053	115,038
Repairs and maintenance	316,327	328,224
Dues and subscriptions	105,951	253,976
Taxes	70,519	55,433
Insurance	988,322	1,162,359
Utilities	1,304,689	1,345,254
Equipment leases	550,470	472,043
Rent	637,294	704,974
Occupancy	670,095	675,957
Depreciation and amortization	471,603	492,952
Interest	350,144	320,102
Cybercrime loss	-	360,000
Other	87,540	41,665
Total expenses	37,624,716	39,149,033
Deficit of revenues, gains and other support over expenses	(919,488)	(1,107,847)
Net assets at beginning of year	6,649,180	7,757,027
Net assets at end of year	$ 5,729,692	$ 6,649,180

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities		*(Restated)*
Change in net assets	$ (919,488)	$(1,107,847)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	471,603	492,952
Allowance for bad debts	1,295,776	866,990
Net realized and unrealized gain on investments,	(41,581)	(76,374)
Loss on disposal of property and equipment	-	5,929
(Increase) decrease in:		
Accounts and grants receivable	(2,337,917)	936,411
Prepaid expenses	(5,378)	266,494
Increase (decrease) in:		
Accounts payable and accrued expenses	(671,508)	904,107
Client funds	214,792	95,928
Deferred revenue	388,540	(61,425)
Accrued payroll and vacation	156,028	69,710
Post retirement benefit obligation	1,540	4,993
Net cash provided (used) by operating activities	(1,447,593)	2,397,868
Cash Flows From Investing Activities		
Purchases of property and equipment	(64,114)	(91,772)
Proceeds from the sale of property and equipment	-	16,745
Net change in investments	20,452	(37,668)
Net cash used by investing activities	(43,662)	(112,695)
Cash Flows From Financing Activities		
Proceeds from long-term obligations	1,068,936	-
Payments on long-term obligations	(1,342,461)	(285,521)
Line of credit borrowings, net	1,862,350	(1,691,825)
Net cash provided (used) by financing activities	1,588,825	(1,977,346)
Net increase in cash and cash equivalents	97,570	307,827
Cash and Cash Equivalents and Client Funds		
Beginning	993,485	685,658
Ending	$ 1,091,055	$ 993,485
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	$ 302,738	$ 275,967
Cash and cash equivalents and client funds consist of:		
Cash and cash equivalents	$ 251,876	$ 369,098
Cash- client funds	839,179	624,387
Total	$ 1,091,055	$ 993,485

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization: Prestera Center for Mental Health Services, Inc. and Subsidiary (Midland Behavioral Health, Inc.), (collectively, "the Center"), are non-profit corporations incorporated in the State of West Virginia. The Center's primary purpose is to provide a full range of clinical, consultative, community outreach and support in the areas of mental health and substance abuse.

B. Principles of consolidation: The consolidated financial statements of Prestera Center for Mental Health Services, Inc. and Subsidiary includes the accounts of Midland Behavioral Health, Inc., a non-profit, nonstock corporation. The consolidation is required because Prestera is the sole member of Midland Behavioral Health, Inc. All intercompany account balances and transactions have been eliminated.

C. Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include the valuation of accounts receivable for the amount expected to be ultimately collected, and estimated postretirement benefit obligation. It is at least reasonably possible that the significant estimates used will change within the next year.

D. Cash and cash equivalents and client funds: Cash and cash equivalents are defined as those funds on deposit which mature in three months or less.

E. Net assets classifications: Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

> **Without Donor Restriction** – Resources over which the Board of Directors has discretionary control.
>
> **With Donor Restriction** - Resources subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets with donor restrictions at June 30, 2020 and 2019.

The Center has elected to present temporarily restricted contributions which are fulfilled in the same time period within the without donor restricted net assets class.

F. Deficit of revenues, gains and other support over expenses: The consolidated statements of operations and changes in net assets include deficit of revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from deficit of revenues, gains and other support over expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

G. Net client service revenue and client fees receivable: Net client service revenue is reported at the estimated net realizable amounts from clients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Medicaid reimburses the Center for services based upon reasonable and customary rates established by the State Medicaid departments.

Allowance for Doubtful Accounts - The Center maintains an allowance for doubtful accounts for each of its major revenue sources to reserve for estimated losses based on the length of time the account has been past due and historical experience. The Center considers the client portion of accounts receivable for write-off when there has been no activity on the account for 1 year.

For receivables associated with self-pay clients (which includes both clients without insurance and clients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The Center's provision for bad debts on self-pay is approximately 87% and 60% of self-pay accounts receivable at June 30, 2020 and 2019, respectively.

H. COVID-19 Pandemic and CARES Act Funding: On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. Patient volumes and the related revenues for most of our services were significantly impacted during the latter portion of the second quarter through the end of the year. as various policies were implemented by federal, state and local governments in response to the COVID-19 pandemic that have caused many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective surgical procedures by health care facilities. While many of these restrictions have been eased across the U.S. and most states have lifted moratoriums on non-emergent procedures, some restrictions remain in place, and we are unable to predict the future impact of the pandemic on our operations.

The federal government passed the Coronavirus Aid, Relief and Economic Security (CARES Act) Provider Relief Fund (PRF) in March 2020. The PRF is distributing $175 billion to hospitals and healthcare providers to assist with the COVID-19 response. The PRF payments are to assist with lost revenues associated with lower volumes, canceled procedures and services due to COVID-19. PRF payments consisted of both general and targeted distributions, of which the Center received general distributions for a total amount of $382,832. The Center received payments on April 17, 2020 and April 28, 2020. For the year ended June 30, 2020, the Center recognized no Provider Relief Funds in the accompanying statements of revenues, expenses and changes in net position.

Subsequent to year end, we continue to evaluate our operating results and give consideration to the updated reporting guidelines issued in September by the U.S. Department of Health and Human Services that significantly changed the measurement of Provider Relief Fund distributions providers are able to retain. Based on our assessment of the likelihood of meeting the applicable terms and conditions of the Provider Relief Fund, The total Provider Relief Fund distributions received are recorded under the caption "deferred revenue" in our consolidated balance sheet at June 30, 2020

We believe the extent of the COVID-19 pandemic's impact on our operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond our control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, suspensions of elective procedures, continued declines in patient volumes for an indeterminable length of time, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure. Because of these and other uncertainties, we cannot estimate the length or impact of the pandemic on our business. If we incur declines in cash flows and results of operations, such declines could have an impact on the inputs and assumptions used in significant accounting estimates, including estimated implicit price concessions related to uninsured patient accounts, professional and general liability reserves, and potential impairments of goodwill and long-lived assets.

I. Grant revenue: Federal, state and other grant revenue resulting from exchange transactions are recognized by the Center as related grant program expenses are incurred.

J. Charity care: The Center provides care to individuals who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

K. Property and equipment: Property and equipment acquisitions are recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of each class of depreciable asset. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted support, and excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

L. Investments: Investments are carried at fair value. Investments acquired by gift are recorded at the fair value at the date of receipt. Fair value is determined principally from published sources. As of June 30, 2019, the Center had an equity investment in First Choice Health Systems, Inc., which was a for-profit entity comprised of eight West Virginia Mental Health Centers and one hospital whose purpose was to explore investment and growth opportunities as a provider network. This investment was considered a nonmarketable equity security and is reflected in the accompanying balance sheet at its cost of $50,000, which management has determined approximated fair value. The Center sold the equity investment in 2020 and recorded an investment gain of $9,419 as a result of the sale.

M. Donated goods, services and facilities: Donated goods, services and other assets are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of gift. In addition, the fair market value of office space occupied free of rent has been reflected in the accompanying financial statements in the same manner. No amounts have been recognized in the financial statements for donated services unless such services are provided by professionals and would normally be procured by the Center.

N. Advertising: The cost of advertising, public relations, and marketing programs are charged to operations as incurred. Total advertising expense for the years ended June 30, 2020 and 2019, was $115,053 and $115,038.

O. Expense allocation: Expenses which are not specifically identified with a particular service are allocated to the various program services based upon time devoted by Center staff in performing program functions.

P. Income taxes:

> **Prestera Center for Mental Health Services, Inc.** – Prestera is recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes.
>
> **Midland Behavioral Health, Inc.** – Is incorporated as a non-profit corporation, but has not filed for exempt status with the Internal Revenue Service.

With few exceptions, neither entity is subject to U.S. federal or state income tax examinations by tax authorities for years before 2018. Management is of the opinion that neither entity has any material uncertain tax positions and, accordingly, recognizes no liability for unrecognized benefits.

Q. Significant New Authoritative Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The Center will be required to retrospectively adopt the guidance in ASU No. 2014-09 for its year ending June 30, 2021. Management is currently evaluating the impact, if any, that adoption will have on the Center's consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall*. This guidance addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments for entities that hold financial assets or owe financial liabilities. The guidance will require: (a) certain equity investments to be measured at fair value with changes recognized in net income; (b) a qualitative assessment to identify impairment of equity investments without readily determinable fair value; (c) elimination of disclosures of the fair value of financial instruments measured at amortized costs and method(s) and significant assumptions used to estimate the fair value; (d) the exit price notion be used when measuring fair value; (e) separate presentation in other comprehensive income of the portion of the total change in the fair value of a liability; (f) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset; and (g) clarification of how to evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The Center adopted the guidance in ASU No. 2016-01 for its year ending June 30, 2020, noting no impact on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This guidance was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Center's leasing activities. The Center will be required to retrospectively adopt the guidance in ASU No. 2016-02 for its year ending June 30, 2023; early application is permitted. Management is currently evaluating the impact that adoption will have on the Center's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows,* which requires companies to include cash and cash equivalents that have restrictions on withdrawal or use in total cash and cash equivalents on the statement of cash flows. The Center adopted the guidance of ASU No. 2016-18 for its year ending June 30, 2020, noting no impact on the consolidated financial statements.

R. Subsequent events: On September 19, 2020, the Department of Health and Human Services (HHS) published its Provider Reporting Guidelines. The guidelines include the reporting timing and deadlines and methodology for calculating lost revenues attributable to COVID-19. Since this information could not have been known at June 30, 2020, any change in the estimated of revenue to be recognized will be recorded in future periods. The Center is evaluating the effects of these reporting requirements.

The Center did not have any additional recognized or nonrecognized subsequent events occur after June 30, 2020, the balance sheet date. Subsequent events have been evaluated through the date of the auditors' report which is the date the financial statements were available to be issued.

Note 2: INVESTMENTS

The estimated values of investments at June 30, 2020 and 2019, was as follows:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	$ 46,986	$ 46,986	$ 54,684	$ 54,684
Stock and mutual funds	1,208,250	1,338,341	1,146,179	1,282,200
Mutual funds - fixed income	482,208	514,845	459,100	470,485
First Choice Health Systems, Inc. (cost)	-	-	50,000	50,000
Other Assets	52,865	62,154	79,792	83,828
	$ 1,790,309	$ 1,962,326	$ 1,789,755	$ 1,941,197

Investment income and gains from investments are comprised of the following for the years ending June 30, 2020 and 2019:

	2020	2019
Interest and dividends income	$ 49,751	$ 48,148
Realized and unrealized gain (loss), net	41,581	76,374
	$ 91,332	$ 124,522

Note 3: SUPPORT AND REVENUE FROM GOVERNMENTAL UNITS

The Center has entered into agreements with the West Virginia Bureau for Behavioral Health and Health Facilities (BHHF) to provide mental health and substance abuse services to individuals within the State of West Virginia. Funding for these services is provided by the West Virginia Department of Health and Human Resources.

A substantial amount of the Center's support and revenue is derived from the BHHF, some of which is pass-through funding from the United States Department of Health and Human Services. A significant reduction in the level of this support, if it were to occur, may have a significant impact on the Center's programs and activities.

Note 4: PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2020 and 2019 follows:

	2020	2019
Land	$ 2,415,048	$ 2,432,306
Buildings and improvements	8,541,643	8,522,493
Furniture and equipment	4,207,759	5,070,404
Leasehold improvements	948,085	1,129,433
Vehicles	218,568	305,159
	16,331,103	17,459,795
Less accumulated depreciation and amortization	9,258,226	9,979,429
Property and Equipment, net	$ 7,072,877	$ 7,480,366

Federal and state governments often retain a reversionary interest in property and equipment acquired with federal and state grants. The net book value of equipment purchased with grants from the BHHF as of June 30, 2020 and 2019 was $22,039 and $28,809. The equipment is retained at each location and would be subject to return to the State in the event that grants with BHHF were discontinued.

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to $471,603 and $492,952.

Note 5: FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

> Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Center for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.
>
> Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.
>
> Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

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

Following is a description of the Center's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Cash and cash equivalents
The carrying amounts approximate fair value because of the short maturity of these financial instruments.

Equity Securities
Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds
Valued at the quoted net asset value of shares.

Other assets
Valued at the quoted net asset value or closing price reported on the markets on which the individual assets are traded.

The following tables present the financial instruments measured at fair value on a recurring basis as of June 30, 2020 and 2019:

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents	$ 46,986	$ -	$ -	$ 46,986
Stocks and mutual funds	1,338,341	-	-	1,338,341
Mutual funds - fixed income	514,845	-	-	514,845
Other assets	-	62,154	-	62,154
Total	$ 1,900,172	$ 62,154	$ -	$ 1,962,326

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents	$ 54,684	$ -	$ -	$ 54,684
Stocks and mutual funds	1,282,200	-	-	1,282,200
Mutual funds - fixed income	470,485	-	-	470,485
Other assets	-	83,828	-	83,828
Total	$ 1,807,369	$ 83,828	$ -	$ 1,891,197

There have been no significant transfers in or out of Level 1 and Level 2 fair value measurements during the year ended June 30, 2020.

Note 6: ACCOUNTS PAYABLE

Accounts payable at June 30, 2020 and 2019 includes book overdrafts of $506,674 and $1,895,465. The overdrafts are a result of the Center's cash management programs and represent checks issued but not presented to a bank for collection. Actual bank overdrafts are automatically covered by the Center's line of credit.

Note 7: RETIREMENT AND OTHER POSTRETIREMENT BENEFIT PLANS

The Center maintains a 401(k) retirement plan for its employees. To participate, employees must have one year of entry service (1,000 or more hours of service during a one year period) and be 21 years old or older. Employees can contribute 1% to 13% of their salary, not to exceed legal limits. The Center can make a discretionary matching contribution to equal a percentage of the employees' contributions. Employer contributions vest at certain percentages related to the employees' number of years of vesting service. Total matching contributions by the Center during the years ended June 30, 2020 and 2019 were $236,640 and $226,448.

The Center also maintains a 457(B) retirement plan for certain employees. Those employees are eligible to participate immediately upon hire and can contribute from 1% to 100% of their pay up to statutory limits. The Center can make discretionary contributions. Employee and employer contributions are 100% vested at the time of contribution. Total contributions by the Center during the years ended June 30, 2020 and 2019 were $19,415 and $20,505.

In 1997, the Center ceased its participation in the West Virginia Public Employees Retirement System (WVPERS), a defined benefit, cost-sharing multiple-employer pension plan. Certain of the Center's employees are still covered under the WVPERS plan. Contribution obligations and benefit provisions are established pursuant to the West Virginia Public Employees Retirement Act. Total contributions by the Center during the years ended June 30, 2020 and 2019, were $5,726 and $9,868.

Postretirement benefits: In connection with the Center's prior participation in the West Virginia Public Employees Retirement System, it is obligated to provide health insurance benefits to employees who retire under that plan. At June 30, 2020 and 2019, the Center accrued postretirement benefit obligations of $196,634 and $195,094 to cover the present value of the anticipated postretirement benefits.

Note 8: LINE OF CREDIT

Prestera Center for Mental Health Services, Inc. has a $3,500,000 line of credit (LOC) with a local bank. Advances on the LOC bear interest at a rate equal to the Wall Street Journal Prime Rate plus one point with interest payable monthly, and a floor of 5.5%. The interest rate at June 30, 2020 was 5.5%. Cash accounts are swept daily into a repurchase account. The repurchase account is then used to pay down any balance on the LOC. The amount outstanding on the LOC was $2,917,646 and $1,045,296 at June 30, 2020 and 2019. The LOC is renewable annually and is secured by substantially all assets.

Midland Behavioral Health, Inc. has a $50,160 line of credit (LOC) with a local bank. Advances on the LOC bear interest at a variable rate equal to the Wall Street Journal Prime Rate with interest payable monthly. The LOC is secured by receivables, equipment, inventory and general intangibles. The amount outstanding on the LOC was $39,077 and $49,077 at June 30, 2020 and 2019, respectively. The LOC is renewable annually.

Note 9: LONG-TERM DEBT

A summary of long-term debt at June 30, 2020 and June 30, 2019, follows:

	2020	2019
Note payable to bank, interest at 6.00%, due in monthly installments of $16,848 including interest. Secured by deed of trust on property.	$ 885,317	$ 1,040,139
Note payable to West Virginia Housing Development Fund, interest at 0% forgiven ratably through January 2031. In accordance with loan terms, the proceeds were used to partially fund its acquisition and renovation of property for use as an addictions recovery center. There is a prorata contingent repayment obligation should the property cease to be used as an addictions recovery center.	220,000	240,000
Note payable to Federal Home Loan Bank, interest at 9% forgiven ratably through January 2027. In accordance with loan terms, the proceeds were used to partially fund its acquisition and renovation of property for use as an addictions recovery center. There is a prorata contingent repayment obligation should the property cease to be used as an addictions recovery center.	466,666	533,333
Note payable to bank, interest at 6.25%, due in monthly installments of $1,511 including interest. Secured by a deed of trust on property. Refinanced on October 14, 2019.	-	140,119
Note payable to bank, interest at 6.00%, due in 23 monthly installments of $6,780 including interest through June 2019. Secured by equipment. Refinanced on October 14, 2019.	-	732,567
Note payable to bank, interest at prime plus 1% with 4.25% floor, due in monthly installments of $699 including interest. Secured by deed of trust on property. Refinanced on October 14, 2019.	-	71,092
Note payable to bank, interest at 8.96%, due in monthly installments of $4,666 including interest.	-	8,496
Note payable to bank, interest at prime plus 1% with 4.25% floor, due in monthly installments of $1,179 including interest. Secured by deed of trust on property. Refinanced on October 14, 2019.	-	119,136
Note payable to bank, interest at 5.00%, due in monthly installments of $8,494 including interest. Secured by equipment and deed of trust on property.	1,039,374	-
Total	2,611,357	2,884,882
Less: current maturities	291,348	427,198
Long-term obligations	$ 2,320,009	$ 2,457,684

The long-term debt is scheduled for retirement as follows:

2021	$ 291,348	
2022	303,097	
2023	315,903	
2024	329,447	
2025	343,797	
Thereafter	1,027,765	
Total		$ 2,611,357

Note 10: FACILITIES AND RENT EXPENSE

The Center leases its satellite locations under operating leases. Certain leases contain a provision whereby the leases may be terminated early if the satellite operation is closed provided that advance written notice is given to the lessor. Rental expense charged to operations on these leases amounted to $637,294 and $704,974 for the years ended June 30, 2020 and 2019. In addition, the Center occupies, rent free, six buildings totaling 82,000 square feet used as care and treatment and administrative facilities. The annual rent value for these donated facilities of $670,095 has been recorded as support and expense in the accompanying financial statements. The Center had an additional $550,470 and $472,043 in equipment rentals for the years ended June 30, 2020 and 2019.

Note 11: CLIENT SERVICE REVENUE

Following is a summary of gross and net client service revenue for the Center for 2020 and 2019:

	2020	2019 *(Restated)*
Gross client service revenue	$ 24,064,665	$ 26,507,510
Less: Provisions for contractual adjustments	(3,520,076)	(6,015,322)
	20,544,589	20,492,188
Provision for bad debts	(1,295,776)	(866,990)
Net client service revenue	$ 19,248,813	$ 19,625,198

The Center recognized client service revenue associated with services provided to clients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured clients that do not qualify for charity care, the Center recognized revenue on the basis of its standard rates for services provided (or on the basis of discounted rates if negotiated or provided by policy). On the basis of historical experience a significant portion of the Center's uninsured clients will be unable or unwilling to pay for the services provided. Client service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, was as follows:

	2020	2019 *(Restated)*
Medicare	$ 793,186	$ 667,105
Medicaid	16,533,718	14,997,516
Other third-party payors	3,037,388	4,275,808
Self-pay	180,297	551,759
Total	$ 20,544,589	$ 20,492,188

Note 12: CHARITY CARE

The Center provides charity care to clients who are financially unable to pay for the services they receive. The Center's policy is not to pursue collection of amounts determined to qualify as charity care if the client has an adjusted income equal to or below 200% of the Federal Poverty income levels. A sliding scale discount is available for clients who meet the guidelines prescribed in the policy. Accordingly, the Center does not report these amounts in the net revenues or in the allowance for doubtful accounts. Of the Center's total expenses approximately $460,000 and $364,000, respectively, arose from providing charity care services to charity clients. The estimated costs of providing charity care services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Center's total expenses, less bad debt expense, divided by gross revenue.

Charity care of approximately $297,000 in 2020 and $250,000 in 2019 represents the amount of charges forgone for services and supplies furnished under the Center's charity care policy.

Note 13: CONCENTRATION OF CREDIT RISK

The Center is located in Huntington, West Virginia. The Center grants credit without collateral to its clients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from clients and third-party payors is as follows at June 30, 2020 and 2019:

	2020	2019
Medicare	7%	7%
Medicaid	84%	76%
Self pay	4%	13%
Other third-party payors	5%	4%
Total	100%	100%

Financial instruments with potential credit risks consist principally of temporary cash investments and receivables. Temporary investments are placed with highly credit worthy financial institutions and security investment corporations.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. Cash at the Center's major depository are swept daily into repurchase accounts secured by various federal government securities. Management believes the Center is not exposed to any significant concentration risk related to cash.

Note 14: FUNCTIONAL EXPENSES

The Center provides clinical services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended June 30, 2020 and 2019:

	Year Ended June 30, 2020		
	Clinical Services	General and Administrative	Total
Salaries and wages	$ 19,360,220	$ 1,710,449	$ 21,070,669
Employee benefits	3,992,583	857,010	4,849,593
Contracted services	2,700,060	736,603	3,436,663
Professional fees	4,129	76,959	81,088
Lab fees	80,187	10,256	90,443
Supplies	1,723,772	170,494	1,894,266
Education	43,620	60,399	104,019
Travel	361,227	31,726	392,953
Postage	2,811	34,204	37,015
Advertising	55,068	59,985	115,053
Repairs and maintenance	168,482	147,845	316,327
Dues and subscriptions	7,118	98,833	105,951
Taxes	41,670	28,849	70,519
Insurance	266,498	721,824	988,322
Utilities	1,210,388	94,301	1,304,689
Equipment leases	511,650	38,820	550,470
Rent	588,884	48,410	637,294
Occupancy	85,656	584,439	670,095
Depreciation and amortization	287,781	183,822	471,603
Interest	90,083	260,061	350,144
Other	49,828	37,712	87,540
Total Expenses	$ 31,631,715	$ 5,993,001	$ 37,624,716

	Year Ended June 30, 2019		
	Clinical Services	General and Administrative	Total
Salaries and wages	$ 20,032,080	$ 1,817,279	$ 21,849,359
Employee benefits	4,395,449	1,415,676	5,811,125
Contracted services	2,064,252	563,953	2,628,205
Professional fees	275	8,415	8,690
Lab fees	128,962	4,762	133,724
Supplies	1,493,061	221,556	1,714,617
Education	38,218	69,283	107,501
Travel	490,041	46,272	536,313
Postage	2,434	29,088	31,522
Advertising	74,389	40,649	115,038
Repairs and maintenance	262,005	66,219	328,224
Dues and subscriptions	125,356	128,620	253,976
Taxes	14,314	41,119	55,433
Insurance	13,562	1,148,797	1,162,359
Utilities	938,951	406,303	1,345,254
Equipment leases	403,937	68,106	472,043
Rent	652,034	52,940	704,974
Occupancy	91,518	584,439	675,957
Depreciation and amortization	312,148	180,804	492,952
Interest	101,512	218,590	320,102
Cybercrime loss	-	360,000	360,000
Other	7,259	34,406	41,665
Total Expenses	$ 31,641,757	$ 7,507,276	$ 39,149,033

Note 15: RISK MANAGEMENT

The Center is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. The Center reduces its risk of loss by a variety of insurance programs purchased from commercial insurance carriers.

The Center maintains an occurrence basis insurance coverage for professional liability at up to $1,000,000 for individual claims and aggregate coverage per year of $3,000,000 with a no deductible clause. Incidents occurring through June 30, 2020 may result in the assertion of a claim or other claims may be asserted arising from past services provided.

The Center is a defendant in various lawsuits within the ordinary course of business wherein various amounts for damages are claimed. In the opinion of management an unfavorable outcome in excess of insurance coverage is unlikely and the judgments, if unfavorable, would not have a material adverse effect on the Center's financial statements.

Note 16: HEALTH CARE LEGISLATION AND REGULATION

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that the Center is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the Center is found in violation of these laws, the Center could be subject to substantial monetary fines, civil and criminal penalties and exclusion from participation in the Medicare and Medicaid programs.

Note 17: RECLASSIFICATIONS

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on the net assets for either period.

Note 18: RELATED PARTIES

Prestera Foundation for Behavioral Health Services d.b.a. Prestera Foundation: Employees and members of the Board of Directors of the Center serve on the Board of Directors of Prestera Foundation for Behavioral Health Services (the Foundation), a West Virginia not-for-profit corporation. The Foundation is a support organization to the Center. The financial statements of the Foundation have not been consolidated with the Center due to the insignificance of amounts at the Foundation.

Other: Various employees of the Center serve on the boards of directors of the following West Virginia corporations. The Center provides various services to the corporations, including management services under management agreements:

West Hamlin Group Home d.b.a. Woodside Manor
Evergreen Place Apartments d.b.a. EGP
Washington Avenue Apartments d.b.a. Joan Ross Apartments
G. R. Vale
Main Street Apartments
Aliff Place
Assaley Place
Concord House of Charleston, Inc.
Mulberry Manor
Oak Tree Apartments
Prestera Foundation for Behavioral Services, Inc.
Prestera Group Home Corporation d/b/a Mary Woelfel House
Spruce Manor

A summary of related party receivables at June 30, 2020 and 2019 follows:

	2020	2019
Aliff Place	$ 2,358	$ 2,219
Assaley Place	8,353	-
Evergreen Place Apartments d.b.a. EGP	12,502	-
Main Street Apartments	5,929	4,831
Midland Behavioral Health	37,815	-
Money Management of Charleston	4,840	-
Mulberry Manor	2,349	2,210
Other	28,522	2,914
	$ 102,668	$ 12,174

Midland Behavioral Health, Inc. is managed by Medical Practice Management Solutions, LLC (MPMS), a medical practice management company whose majority owner was a member of the board of directors of Prestera Center for Mental Health Services, Inc., leaving the board of directors effective May 22, 2019. Management fees of $24,168 and $120,090 were forgiven by MPMS pursuant to a verbal agreement whereby MPMS reimbursed Midland Behavioral Health, Inc. for certain payroll costs totaling $41,122 and $270,395 in 2020 and 2019 respectively.

In addition, Prestera Center for Mental Health Services paid MPMS $299,976 in 2020 and $66,129 in 2019 for various other management services.

Note 19: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	$ 251,876
Grants and contracts receivable	3,703,982
Client fees receivable, net of allowance	3,294,911
Accounts receivable - related parties	102,668
Accounts receivable - other	28,208
Investments	1,962,326
	$ 9,343,971

As part of the Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Center has available lines of credit (Note 8) which can be drawn upon.

Note 20: RESTATEMENT

The Center's financial statements as of June 30, 2019, contained the following errors: (1) overstatement of cash by $546,387, (2) overstatement of accounts receivable by $493,008. The June 30, 2019 financial statements have been restated to reflect the correction of the two errors, resulting in a reduction of $1,039,395 in net income.

Certain errors resulting in an overstatement of previously reported cash and other income were discovered during the current year. The effect of the restatement of the changes in net assets for the year ended June 30, 2019 are a decrease of $546,387, resulting from a corresponding increase in the accounts payable and accrued expenses for bank overdrafts and decrease in the other income financial statement line items.

In addition, improper treatment of indigent care accounts receivable resulted in an understatement of indigent care contractuals and an overstatement of accounts receivable. The effect of the restatement of the changes in net assets for the year ended June 30, 2019 are a decrease of $493,008, resulting from a corresponding decrease in the grants and contracts receivable and client service revenue financial statement line items.

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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				
Passed through the State of West Virginia,				
Department of Health and Human Resources:				
Substance Abuse Prevention and Treatment Block Grant:				
Substance Abuse Block	93.959	2020-8793-0506-2886-13000	$ 268,773	
Substance Abuse Block	93.959	2020-8793-0506-2892-13000	147,461	
Substance Abuse Block	93.959	2020-8793-0506-2884-13000	139,479	
Total CFDA 93.959				$ 555,713
Block Grants for Community Mental Health Services:				
Community Mental Health Block	93.958	2020-8794-0506-2851-13000	91,412	
Community Mental Health Block	93.958	2020-8723-0506-2916-13000	12,277	
Community Mental Health Block	93.958	2020-8793-0506-2892-13000	52,665	
Total CFDA 93.958				
Opioid STR				156,354
State Targeted Response to the State Opioid Response	93.788	2020-8723-0506-2886-13000	277,202	
Alliances Southern WV Collegiate Peer Recovery Support Network	93.788	1H79T1081724-01	6,255	
Total CFDA 93.788				283,457
Substance Abuse and Mental Health Services:				
State System of Care	93.104	2020-8723-0506-2916-13000	14,070	
Total CFDA 93.104				14,070
Substance Abuse and Mental Health Services:				
WV State Youth Suicide Prevention Program	93.243	2020-8723-0506-2916-13000	281,733	
Strategic Prevention Framework for Prescription Drugs Program (PFPD)	93.243	2020-8723-0506-2888-13000	21,441	
West Virginia Partnership for Success Program	93.243	2020-8723-0506-2886-13000	133,320	
Direct Award:				
Appalachian Offender Reentry Assistance (ARA)	93.243	6H79TI026332-01M001	366,959	
Total CFDA 93.243				803,453
Direct Award:				
Rural Health Care Services Outreach	93.912	1G25RH32992-01-00	35,334	
Total CFDA 93.912				35,334
Direct Award:				
WV Regional Partnership for Children and Families Impacted by Substance Abuse	93.087	90CU0092-03-00	255,067	
WV Regional Partnership for Children and Families Impacted by Substance Abuse	93.087	90CU0112-01-00	13,635	
Total CFDA 93.087				268,702
Total U.S. Department of Health and Human Services				2,117,083

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				
Passed-through from Cabell Huntington Coalition for the Homeless, Huntington, WV:				
HMIS Reallocation	14.261	WV0133L3E011802	6,941	
HMIS Renewal Consolidation	14.261	WV0007L3E011810	20,503	
Total CFDA 14.261				27,444
Balen Renewal	14.267	WV0085L3E011807	42,011	
Housing First	14.267	WV0012L3E011809	30,141	
Safe Quarters	14.267	WV0047L3E011709	73,957	
Total CFDA 14.267				146,109
Total U.S. Department of Housing and Urban Development				173,553
U.S. DEPARTMENT OF JUSTICE				
Passed-through from City of Huntington, WV:				
Second Chance Reentry Initiative	16.812	2017-RW-BX-0007		127,395
Total U.S. Department of Justice				127,395
Total Expenditures of Federal Awards				$2,418,031

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Prestera Center for Mental Health Service, Inc. and Subsidiary (the Center) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C: INDIRECT COST RATE

The Center has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant Number	Grant Period	Grant Award	Grant Receipts	Grant Expenditures
WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES, PUBLIC HEALTH, OFFICE OF COMMUNITY HEALTH SYSTEMS:					
Continuum Enhancement Program	G200080	07/1/19-06/30/20	$ 3,077,787	$ 1,702,334	$ 3,077,787
Indigent Care	G200054	07/1/19-06/30/20	1,376,104	1,073,361	1,079,169
Adult Mental Health Program	G200140	07/1/19-06/30/20	5,212,550	3,492,409	4,676,550
Community Engagement Specialist Program	G200124	07/1/19-06/30/20	1,456,256	1,135,880	1,025,979
Children's Mental Health Program	G200778	10/1/19-06/30/20	244,969	163,312	84,424
Children's Mental Health Program	G200512	07/1/19-06/30/20	84,000	16,800	84,000
Family and Community Support Group	G200329	07/1/19-06/30/20	205,000	41,000	205,000
Children's Intensive Care Coordination Wrap Around	G200708	10/1/19-09/30/20	233,830	72,487	233,830
Projects to Assist in the Transition from Homelessness (PATH)	G200333	07/1/19-06/30/20	54,999	3,636	26,382
Intellectual and Developmental Disabilities programs	G200459	07/1/19-06/30/20	151,257	101,342	68,760
Children's Mobile Crisis Response Program	G200711	10/1/19-06/30/20	303,160	203,117	198,429
Jobs and Hope Peer Recovery Support Specialist	G200615	09/1/19-09/30/20	120,000	24,000	615
Justice Reinvestment Initiative	20-JRI-11	07/1/19-06/30/20	103,500	68,047	42,069
Justice Reinvestment Initiative	20-JRI-10	07/1/19-06/30/20	117,000	89,710	90,412
Regional Partnership Grant	G200857	07/1/19-06/30/20	50,000	10,000	10,000
Crisis Stabilization Unit Pilot	G200926	04/1/20-09/30/20	1,438	719	1,113
Sobriety Treatment and Recovery Teams	G201008	05/01/20-04/30/21	870,639	-	7,959
Children's Expanded School Mental Health Program	G200469	07/1/19-06/30/20	120,000	93,600	120,000
Substance Abuse - Recovery Facilities	G200715	10/1/19-09/30/20	165,996	33,199	103,072
Substance Abuse - Recovery Facilities	G200629	10/1/19-09/30/20	231,863	46,373	139,411
Subtotal			14,180,348	8,371,326	11,274,961
WEST VIRGINIA HOUSING DEVELOPMENT FUND:					
Home4Good Street Outreach Program			50,000	14,192	21,598
Total State Awards			$ 14,230,348	$ 8,385,518	$ 11,296,559

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Prestera Center for Mental Health Services, Inc. and Subsidiary
Huntington, West Virginia

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 Prestera Center for Mental Health Services, Inc. and Subsidiary (nonprofit organizations), which comprise the consolidated balance sheet as of June 30, 2020, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 22, 2021. The financial statements of Midland Behavioral Health, Inc. were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Midland Behavioral Health, Inc.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Prestera Center for Mental Health Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Prestera Center for Mental Health Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Prestera Center for Mental Health Services, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-01, 2020-02, 2020-03, and 2020-04 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Prestera Center for Mental Health Services, Inc. and Subsidiary's 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Prestera Center for Mental Health Services, Inc.'s Response to Findings

Prestera Center for Mental Health Services, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Prestera Center for Mental Health Services, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed 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.

Hayflich CPAs PLLC

Huntington, West Virginia
June 22, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Prestera Center for Mental Health Services, Inc. and Subsidiary
Huntington, West Virginia

Report on Compliance for Each Major Federal Program

We have audited Prestera Center for Mental Health Services, Inc. and Subsidiary's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2020. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Prestera Center for Mental Health Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Hayflich CPAs PLLC

Huntington, West Virginia
June 22, 2021

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	X	yes		no
Significant deficiencies identified?	X	yes		no
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major programs:				
Material weaknesses identified?		yes	X	no
Significant deficiencies identified?		yes	X	none reported
Type of auditors' report issued on compliance for major programs:	Unmodified			
Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	X	no

Identification of major programs:

CFDA Number	Name of Federal Program
93.243	Substance Abuse and Mental Health Services
93.087	Regional Partnership for Children & Families

Dollar threshold used to distinguish between Type A and Type B programs:	$	750,000		
Auditee qualified as low-risk auditee?		yes	X	no

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-01 Cash Reconciliations

Condition and Cause: Various cash accounts are not timely reconciled to the general ledger. There is a material amount of checks that have been outstanding for over 5 years.

Criteria: The process of reconciling accounts to the general ledger is an integral part of ensuring the amounts reported on a monthly basis are accurately stated.

Effect: Material adjustments were required to the cash general ledger accounts after the year end closing.

Recommendation: We recommend that management implement procedures to ensure that all accounts are reviewed and reconciled to their proper balance on a monthly basis. Cash reconciliations that reconcile from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover errors.

Views of Responsible Officials and Planned Corrective Actions:

This is a known issue and management is in the process of taking corrective action subsequent to the 6/30/2020 audit date to ensure processes are in place for timely and accurate recording.

2020-02 Accounts Receivable Reconciliations

Conditions and Cause: During the process of testing accounts receivable, we noted that accounts were not reconciled to the general ledger on a timely basis.

Criteria: The process of reconciling accounts to the general ledger is an integral part of ensuring the amounts reported on a monthly basis are accurately stated.

Effect: Material adjustments were required to the accounts receivable general ledger account balance after the year end closing.

Recommendation: We recommend that management implement procedures to ensure that accounts receivable are reviewed and reconciled to their proper balance on a monthly basis. Reconciliation of accounts receivable from the general ledger to the accounts receivable detail ledger should be prepared to check that the recording of transactions is accurate and proper and that any adjustments to or write-offs of accounts receivable have been approved.

Views of Responsible Officials and Planned Corrective Actions:

This is a known issue and management is in the process of taking corrective action subsequent to the 6/30/2020 audit date to ensure processes are in place for timely and accurate recording.

2020-03 Accounts Payable Cutoff Procedures and Reconciliation

Conditions and Cause: During the process of testing accounts payable, we noted that procedures were not being performed to ensure that accurate period end liabilities were recorded. Also, general ledger balances were not reconciled to supporting schedules.

Criteria: The process of reconciling accounts to the general ledger is an integral part of ensuring the amounts reported on a monthly basis are accurately stated.

Effect: Material adjustments were required to the accounts payable general ledger account balance after the year end closing.

Recommendation: We recommend that management implement procedures to ensure that accounts payable are reviewed and reconciled to their proper balance on a monthly basis. Reconciliation of accounts payable from the general ledger to the outstanding accounts payable register should be prepared to determine that all additions to and payments of accounts payable are correctly recorded and to determine whether there are any disputed items.

Views of Responsible Officials and Planned Corrective Actions:

This is a known issue and management is in the process of taking corrective action subsequent to the 6/30/2020 audit date to ensure processes are in place for timely and accurate recording.

2020-04 Schedules of Expenditures of Federal Awards and State Awards

Conditions and Cause: The Schedule of Expenditures of Federal Awards (SEFA) and an accurate Schedule of State Awards were not prepared timely.

Criteria: Preparation of an accurate SEFA is required by Uniform Guidance. Similar state guidelines require an accurate schedule of state awards.

Effect: Significant adjustments were required to the schedules after the year end closing.

Recommendation: We recommend that management implement procedures to ensure that all grants are reviewed and appropriate schedules of grants prepared.

Views of Responsible Officials and Planned Corrective Actions:

This is a known issue and management is in the process of taking corrective action subsequent to the 6/30/2020 audit date to ensure processes are in place for timely and accurate recording.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS

No matters are reportable.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FINDINGS OF QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

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INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND ADDITIONAL INFORMATION

To the Board of Directors
Prestera Center for Mental Health Services, Inc. and Subsidiary
Huntington, West Virginia

We have audited the consolidated financial statements of Prestera Center for Mental Health Services, Inc. and Subsidiary as of and for the years ended June 30, 2020 and 2019 and have issued our report thereon dated June 22, 2021, which expressed an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following pages is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. The additional information for the West Virginia Bureau for Behavioral Health and Health Facilities (BHHF) also is presented for purposes of additional analysis and is not a required part of the consolidated basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Hayflich CPAs PLLC

Huntington, West Virginia
June 22, 2021

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING BALANCE SHEETS
JUNE 30, 2020

ASSETS	Prestera Center for Mental Health Services, Inc.	Midland Behavioral Health, Inc.	Consolidated Total
Current Assets			
Cash and cash equivalents	$ 251,876	$ -	$ 251,876
Cash - client funds	839,179	-	839,179
Grants and contracts receivable	3,703,982	-	3,703,982
Client fees receivable, net of allowance for doubtful accounts of $1,390,521	3,251,109	43,802	3,294,911
Accounts receivable - related parties	102,668	-	102,668
Accounts receivable - other	-	28,208	28,208
Prepaid expenses	23,506	3,088	26,594
Investments	1,962,326	-	1,962,326
Total Current Assets	10,134,646	75,098	10,209,744
Property and Equipment, net	7,072,877	-	7,072,877
TOTAL ASSETS	$ 17,207,523	$ 75,098	$ 17,282,621
LIABILITIES AND NET ASSETS			
Current Liabilities			
Line of credit	$ 2,917,646	$ 39,077	$ 2,956,723
Accounts payable and accrued expenses	2,717,718	225,794	2,943,512
Client funds	839,179	-	839,179
Accrued payroll and vacation	1,561,675	55,309	1,616,984
Current maturities of long-term obligations	291,348	-	291,348
Deferred revenue	388,540	-	388,540
Total Current Liabilities	8,716,106	320,180	9,036,286
Long-Term Liabilities			
Long-term obligations, net of current portion	2,320,009	-	2,320,009
Postretirement benefit obligation	196,634	-	196,634
Total Liabilities	11,232,749	320,180	11,552,929
Net Assets			
Without donor restrictions	5,974,774	(245,082)	5,729,692
With donor restrictions	-	-	-
Total Net Assets (Deficit)	5,974,774	(245,082)	5,729,692
TOTAL LIABILITIES AND NET ASSETS	$ 17,207,523	$ 75,098	$ 17,282,621

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Prestera Center for Mental Health Services, Inc.	Midland Behavioral Health, Inc.	Consolidated Total
Unrestricted revenues, gains and other support:			
Client service revenue (net of allowances and discounts)	$ 19,952,925	$ 591,664	$ 20,544,589
Provision for bad debts	(1,295,776)	-	(1,295,776)
Net client services revenue less provision for bad debts	18,657,149	591,664	19,248,813
Federal, state and other grants and contracts	15,831,402	-	15,831,402
Room and board	600,864	-	600,864
Investment income	91,332	-	91,332
In-kind contribution for use of facilities	670,095	-	670,095
Other income	247,442	15,280	262,722
Total unrestricted revenues, gains and other support	36,098,284	606,944	36,705,228
Expenses:			
Salaries and wages	20,574,437	496,232	21,070,669
Employee benefits	4,849,593	-	4,849,593
Contracted services	3,325,323	111,340	3,436,663
Professional fees	78,505	2,583	81,088
Laboratory fees	90,443	-	90,443
Supplies	1,892,737	1,529	1,894,266
Education	104,019	-	104,019
Travel	392,953	-	392,953
Postage	37,015	-	37,015
Advertising	113,810	1,243	115,053
Repairs and maintenance	316,327	-	316,327
Dues and subscriptions	105,951	-	105,951
Taxes	41,277	29,242	70,519
Insurance	953,192	35,130	988,322
Utilities	1,291,549	13,140	1,304,689
Equipment leases	549,079	1,391	550,470
Rent	586,894	50,400	637,294
Occupancy	670,095	-	670,095
Depreciation and amortization	471,603	-	471,603
Interest	347,046	3,098	350,144
Other	67,453	20,087	87,540
Total expenses	36,859,301	765,415	37,624,716
Deficit of revenues, gains and other support over expenses	(761,017)	(158,471)	(919,488)
Net assets at beginning of year	6,735,791	(86,611)	6,649,180
Net assets at end of year	$ 5,974,774	$ (245,082)	$ 5,729,692

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF BHHF FUNDING STATUS
FOR THE YEAR ENDED JUNE 30, 2020

Department of Health Account Number	Award	Deferred Support 6-30-19	Earned and Billed	Unearned and Billed	Not Billed	Collected 06-30-20
2020-0525-0506-3115-21900-3256-4231	$ 3,313,750	$ -	$ 2,973,001	$ -	$ 340,749	$ 2,220,212
2020-0525-0506-3744-21900-3256-4231	445,000		399,241		45,759	298,149
2020-0525-0506-3115-21900-3256-4231	325,000		291,581		33,419	217,750
2020-0525-0506-3115-21900-3256-4231	408,800		366,764		42,036	273,896
2020-0525-0506-3743-21900-3256-4231	720,000		645,963		74,037	482,400
2020-0525-0506-2851-21900-3256-4231	3,077,787		3,077,787		-	1,702,334
2020-0525-0506-3701-21900-3256-4231	1,456,256		1,025,979		430,277	1,135,880
2020-0525-0506-3065-21900-3256-4231	1,376,104		1,079,169		296,935	1,073,361
2020-8723-0506-2886-13000-3285-3885	437,772		63,243		374,529	218,886
2021-8723-0506-2886-13000-3285-3885	145,924		21,081		124,843	72,962
2021-8793-0506-2892-13000-3285-3885	70,000		36,865		33,135	35,000
2021-8794-0506-2916-13000-3285-3885	25,000		13,166		11,834	12,500
2020-8793-0506-2892-13000-3285-3885	210,000		110,596		99,404	105,000
2020-8794-0506-2916-13000-3285-3885	75,000		39,499		35,501	37,500
2020-0525-0506-2916-21900-3256-4231	147,000		50,661		96,339	98,000
2020-5074-0511-3162-09900-3256-4230	97,968		33,763		64,205	65,312
2021-8723-0506-2886-13000-3285-3885	1,544		640		904	772
2021-8723-0506-2885-13000-3285-3885	78,922		32,690		46,232	39,460
2020-8723-0506-2886-13000-3285-3885	236,765		98,070		138,695	118,383
2020-8723-0506-2886-13000-3285-3885	4,635		1,920		2,715	2,318
2021-8793-0506-2886-13000-3285-3885	16,370		7,693		8,677	3,624
2020-8793-0506-2886-13000-3285-3885	49,109		23,077		26,032	10,872
2021-8793-0506-2886-13000-3285-3885	126,619		59,501		67,118	28,031
2020-8793-0506-2886-13000-3285-3885	379,858		178,502		201,356	84,093
2021-8723-0506-2886-13000-3285-3885	53,253		6,051		47,202	26,627
2020-8723-0506-2886-13000-3285-3885	159,760		18,155		141,605	79,880
2020-0525-0506-2916-21900-3256-4231	303,160		198,429		104,731	203,117
2020-0525-0506-2916-21900-3256-4230	233,830		233,830		-	72,487
2020-0525-0506-2870-21900-3256-4231	151,257		68,760		82,497	101,342
2021-8723-0506-2886-13000-3285-3885	17,455		14,170		3,285	13,091
2020-8723-0506-2886-13000-3285-3885	52,364		42,509		9,855	39,273
2020-0525-0506-2916-21900-3256-4231	30,000		30,000		-	23,400
2018-0525-0506-2916-21900-3256-4231	90,000		90,000		-	70,199
2020-0525-0506-2891-21900-3256-4231	57,488		34,565		22,923	11,498
2020-0525-0506-2891-21900-3256-4231	174,375		104,846		69,529	34,875
2020-0525-0506-2867-21900-3256-4231	142,194		142,194		-	28,439
2020-0525-0506-2867-22100-3256-4231	62,806		62,806		-	12,561
2020-8723-0506-2886-13000-3285-3885	37,609		7,298		30,311	37,609

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF BHHF FUNDING STATUS
FOR THE YEAR ENDED JUNE 30, 2020

Department of Health Account Number	Award	Deferred Support 6-30-19	Earned and Billed	Unearned and Billed	Not Billed	Collected 6-30-20
2020-0525-0506-2891-80400-3256-4231	89,346		55,478		33,868	17,869
2020-0525-0506-2891-80400-3256-4231	76,650		47,594		29,056	15,330
2021-8794-0506-2851-13000-3285-3885	30,000		22,853		7,147	7,500
2020-8794-0506-2851-13000-3285-3885	90,000		68,559		21,441	22,500
2021-8723-0506-2886-13000-3285-3885	30,000		431		29,569	7,500
2020-8723-0506-2886-13000-3285-3885	90,000		1,293		88,707	22,499
2019-0525-0506-2888-14901-3256-4230	120,000		615		119,385	24,000
2020-8723-0506-2886-13000-3285-3885	22,869		9,066		13,803	22,869
2020-0525-0506-2851-21900-3256-4231	54,999		26,382		28,617	3,636
2020-0525-0506-2916-21900-3256-4231	84,000		84,000		-	16,800
2021-8723-0506-2916-13000-3285-3885	13,000		11,130		1,870	3,250
2020-8723-0506-2916-13000-3285-3885	39,000		33,390		5,610	9,750
2020-8723-0506-2888-13000-3285-3885	21,550		21,441		109	5,388
2021-8723-0506-2886-13000-3285-3885	137,055		22,741		114,314	-
2020-8723-0506-2886-13000-3285-3885	411,164		68,224		342,940	-
2021-8723-0506-2916-13000-3285-3885	98,500		40,310		58,190	25,206
2020-8723-0506-2916-13000-3285-3885	295,500		120,930		174,570	75,617
2020-8794-0506-2916-13000-3285-3885	30,000		12,277		17,723	7,677
2021-8723-0506-2916-13000-3285-3885	18,270		1,943		16,327	4,568
2020-8723-0506-2916-13000-3285-3885	54,810		5,828		48,982	13,703
2018-0407-0506-3809-35401-3256-4231	50,000		10,000		40,000	10,000
2021-8723-0506-2916-13000-3285-3885	201,474		37,987		163,487	-
2020-8723-0506-2916-13000-3285-3885	201,474		37,987		163,487	-
2021-8723-0506-2886-13000-3285-3885	95,833		735		95,098	-
2020-8723-0506-2886-13000-3285-3885	287,501		2,205		285,296	-
2021-8723-0506-2916-13000-3285-3885	92,992		1,575		91,417	-
2020-8723-0506-2916-13000-3285-3885	278,978		4,724		274,254	-
2019-0407-0506-3809-35402-3256-4231	870,639		7,959		862,680	-
2021-8793-0506-2884-13000-3285-3885	82,125		63,542		18,583	41,063
2020-8793-0506-2884-13000-3285-3885	82,125		63,542		18,583	41,063
2019-0525-0506-2884-21900-3256-4231	17,456		13,506		3,950	8,728
					-	
	$ 18,858,044	$ -	$ 12,582,312	$ -	$ 6,275,732	$ 9,497,609

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. SUBSIDIARY
SCHEDULE OF BHHF FUNDING STATUS
FOR THE YEAR ENDED JUNE 30, 2019

Department of Health Account Number	Award	Deferred Support 6-30-18	Earned and Billed	Unearned and Billed	Not Billed	Collected 6-30-19
2015-0525-0506-2888-35400-3256-0000	$ 50,000		$ 17,001		$ 23,452	$ 17,001
2013-0525-0506-2888-35400-3256-0000	147,500		59,445		82,004	59,445
2016-0525-0506-3426-35400-3256-0000	549,985		88,416		121,970	436,262
2018-0407-0506-3809-35401-3256-0000	265,830		56,644		209,186	48,356
2018-0407-0506-3809-35401-3256-0000	50,000		17,288		32,712	15,342
2019-0525-0506-2916-21900-3256-0000	30,000		30,000		-	29,843
2019-0525-0506-2916-21900-3256-0000	84,000		84,000		-	83,561
2018-0525-0506-2916-63100-3256-000	90,000		90,000		-	89,530
2019-0525-0506-2916-21900-3256-4231	196,000		70,824		125,176	100,008
2019-5074-0511-3162-09900-3256-4231	130,625		47,210		83,415	66,651
2019-0525-0506-2851-21900-3256-0000	18,178		18,178		-	18,178
2019-8723-0506-2851-13000-3285-3885	36,821		36,821		-	36,821
2019-0525-0506-3701-21900-3256-0000	1,456,256		1,104,672		351,584	1,104,672
2019-0525-0506-3115-21900-3256-0000	408,800		386,403		22,397	369,052
2019-0525-0506-3115-21900-3256-0000	325,000		307,194		17,806	293,400
2019-0525-0506-3744-21900-3256-0000	445,000		420,620		24,380	401,732
2019-0525-0506-3115-21900-3256-0000	3,313,750		3,132,200		181,550	2,991,548
2019-0525-0506-3743-21900-3256-0000	720,000		680,553		39,447	649,993
2019-0525-0506-2867-21900-3256-0000	142,194		141,717		477	141,717
2019-0525-0506-2867-22100-3256-0000	62,806		62,596		210	62,596
2019-0525-0506-2870-21900-3256-0000	120,625		119,083		1,542	110,573
2018-0525-0506-2870-21900-3256-4231	67,096		66,238		858	61,505
2020-5107-0506-2916-09900-3256-4230	185,625		22,082		163,543	93,431
2019-5107-0506-2916-09900-3256-4230	376,875		44,834		332,041	189,694
2019-0525-0506-2916-21900-3256-4231	160,000		50,207		109,793	80,533
2019-0525-0506-2916-21900-3256-4231	281,461		88,320		193,141	141,669
2019-0525-0506-2891-21900-3256-4231	390,000		390,000		-	390,000
2019-0525-0506-2891-21900-3256-4231	475,871		475,871		-	475,871
2019-0525-0506-2891-21900-3256-4231	174,375		174,375		-	174,375
2019-0525-0506-2891-21900-3256-4231	155,000		155,000		-	155,000
2019-0525-0506-2891-21900-3256-4231	157,329		157,329		-	157,329
2019-0525-0506-2891-80400-3256-4231	127,671		127,671		-	127,671
2019-0525-0506-2891-80400-3256-4231	38,325		38,325		-	38,325
2019-0525-0506-3065-21900-3256-4231	688,052		501,861		186,191	501,398
2019-0525-0506-2851-21900-3256-4231	1,091,240		1,091,240		-	1,091,240
					-	
	$ 13,012,290	$ -	$ 10,354,218	$ -	$ 2,302,875	$ 10,804,322

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.
BHHF STANDARDIZED FINANCIAL STATEMENTS - BALANCE SHEET
FOR COMPREHENSIVE AND MR/DD FACILITIES - ACCRUAL BASIS
JUNE 30, 2020

ASSETS		
1. Cash	$	1,091,055
2. Short Term Investments		1,962,326
3. Accounts Receivable - BHHF		3,048,351
4. Accounts Receivable - Clients		661,787
5. Accounts Receivable - Medicaid		2,569,544
6. Accounts Receivable - Medicaid MR/DD Waiver		178,875
7. Accounts Receivable - Other		599,202
8. Inventory		-
9. Prepaid/Other		23,506
10. TOTAL CURRENT ASSETS		10,134,646
NON-CURRENT ASSETS		
FIXED ASSETS		
11. Property, Land and Equipment - BHHF		561,551
12. Less Accumulated Depreciation		(539,512)
13. Property, Land and Equipment - Other		15,763,560
14. Less Accumulated Depreciation		(8,712,722)
15. Total Property, Land and Equipment (NET)		7,072,877
OTHER NON - CURRENT ASSETS		
16. Long - Term Investments		-
17. Other non-current assets		-
18. TOTAL ASSETS	$	17,207,523
LIABILITIES		
CURRENT LIABILITIES		
19. Accounts Payable	$	2,248,736
20. Taxes Payable		-
20a.Provider Taxes Payable		-
21. Line of Credit - Payable		2,917,646
22. Short-Term Notes Payable		291,348
23. Accrued Expenses		273,020
24. Other Current Liabilities		2,985,356
25. TOTAL CURRENT LIABILITIES		8,716,106
LONG-TERM LIABILITIES		
26. Long-Term Notes Payable		2,320,009
27. Other Long-Term Liabilities		196,634
28. TOTAL LIABILITIES		11,232,749
NET ASSETS		
29. Unrestricted Net Assets		5,974,774
30. Temporarily Restricted Net Assets		-
31. Permanently Restricted Net Assets		-
32. TOTAL LIABILITIES AND NET ASSETS	$	17,207,523

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.
BHHF STANDARDIZED FINANCIAL STATEMENTS - INCOME STATEMENT
FOR COMPREHENSIVE AND MR/DD FACILITIES - ACCRUAL BASIS
JUNE 30, 2020

REVENUE AND SUPPORT	Year-To-Date
1. Charity Care	$ -
1a. Charity Care - Account 4311.1	-
1b. Charity Care - Account 4311.2	1,061,400
1c. Charity Care - Account 4312.1	-
1d. Charity Care - Account 4312.2	-
1e. Charity Care - Account 4314.1	-
1f Charity Care - Account 4314.2	-
1g. Charity Care - Account 4315.1	-
1h. Contractual Write-Off Charity Account 4337.1	(1,061,400)
1i. Charity Care Revenue - Account 4329	-
1j. Support/Alternative Svcs. Rev. - Account 4358	-
Total	-
2. Gross Client Service Revenue	23,794,683
3. Contractual Adjustments (Target Funds)	(2,780,358)
3a. Contractual Adjustments (Non-Target Funds)	(1,061,400)
5. **Net Client Service Revenue**	19,952,925
Net Client Service Revenue	
6. Medicaid (Target Funds)	-
6a. Medicaid (Non-Target Funds)	14,442,685
7. Medicaid MR/DD Waiver (Non-Target Funds)	2,103,102
8. ICF/MR (Non-Target Funds)	-
9. Private Pay (Non-Target Funds)	-
9a. Private Pay (BHHF Target Funds)	-
9b. Private Pay (BHHF Non-Target Funds)	153,147
10. Other Client Service Revenue (Target Funds)	-
10a. Other Client Service Revenue (Non-Target Funds)	3,253,991
11. **Total Net Client Service Revenue**	19,952,925
12. BHHF Support	13,161,223
13. Other/Public Support	2,548,457
14. Other	1,731,455
15. **TOTAL REVENUE AND SUPPORT**	37,394,060
EXPENSES	
16. Salaries	20,574,437
17. Fringe Benefits	4,849,593
18. Contractual Services	3,325,323
19. Provider Tax	-
19a. Bad Debts	1,295,776
19b. Bad Debts (BHHF Target Funds)	-
19c. Bad Debts (BHHF Non-Target Funds)	-
20. Depreciation Expense	471,603
21. Other Expenses	7,638,345
22. **TOTAL EXPENSES**	38,155,077
23. **NET LOSS**	$ (761,017)

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.
(A NON-PROFIT CORPORATION)
SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED
WITH BHHF FUNDING
June 30, 2020

State Account Number of Funds Used/ Program Name	Description of Equipment	Vendor Name	Acquisition Date	Cost	ID No.
0525-2001-2890-219-252/258	Kardex Files	Better Business Systems	05/29/01	$ 15,393	247EQ036
	2001 Dodge Caravan	Crockett	05/23/03	13,150	Y237VH006
	Bedroom Furniture (4)	All A Board	06/12/03	5,875	237EQ061
0525-2004-3040-219-252	2003 Ford E350 Van	Crockett Used Cars	06/29/04	20,000	Y6220VH1
	Kaid Dishwasher	Lowes	06/30/04	1,128	6220EQ11
8793-2004-2890-096-128-09183	Paperless Medical Records	IDP	06/30/04	93,924	8400EQ08
Transfer from Northwood	PlayStation		11/01/04	6,000	9170EQ01
0525-2006-2851-219-252/258	5-IBM N/books w/cases & 2 Printers	Tiger Direct	03/29/06	5,150	1740EQ01
	12-Computers w/Flat Monitors	Tiger Direct	01/12/06	7,642	9120EQ01
	Cannon Scanner w/License	Sceris,Inc.	01/17/06	10,083	9120EQ05
	15-Twin Beds w/Mattresses	All A Board	04/25/06	5,735	9120EQ09
	DLP Projector	Office Depot	05/16/06	1,060	9110EQ02/9120EQ10
	2-Sectional Refrigerators	Colonial Food Services	06/27/06	5,902	9120EQ11
0525-2006-2851-219-252/258	Bedroom Furniture	All A Board	03/07/06	20,755	9160EQ04
	Fun Center Playground Equipment	BYO Playground.com	06/21/06	6,120	9160EQ06
0525-2002-3448-219-252	IBM ThinkPad N/Book	Tiger Direct	9/28/2006	4,060	1970EQ01
	3-Laserjet Printers	Tiger Direct	9/28/2006	1,670	1970EQ02
0525-2002-3448-219-252	Canon 3080C Scanner	Sceris	10/4/2006	2,950	1970EQ04
0525-2007-2918-219-025	Optima TX700 Projector	Tiger Direct	9/20/2006	1,180	931EQ001
	Lenovo PC Notebook	Tiger Direct	9/23/2006	936	931EQ002
	Moved from Vehicles-01 Dodge Van(1130)	Ernie's	5/7/2007	7,200	Y906VH14
0525-2007-3702-219-252/258	3-Computers & 1-Laser Printer	Tiger Direct	8/8/2006	1,240	7015EQ01
	3-Computers & 1-Laser Printer	Tiger Direct	8/23/2006	1,354	7015EQ02
	Laser Jet Printer	Tiger Direct	1/5/2007	430	7015EQ08
	4-Computers	Tiger Direct	1/5/2007	1,515	7015EQ09
5156-2006-3448-335-252	2003 Dodge Caravan-Silver (RU 6250)	Crockett	8/14/2006	11,900	Y906VH09
	Rear Parking Lot	Housing Develop	8/21/2006	7,900	6250BI01
	Security System	Standard AI	9/18/2006	7,501	6250EQ07
5156-2006-3448-335-252	Install Fire Alarm System	River CF	10/25/2006	1,913	6250EQ08
	Emergency Lights	Whitt Mead	10/26/2006	1,271	6250EQ11
	Install Sprinkler System	Sentry	10/27/2006	28,800	6250EQ09
525-2007-3702-219	Moved from Vehicles-07 Dodge Caravan(93{	Stephen's Auto	4/25/2007	14,249	Y906VH20
	3-Thinkpad T40 & Warranty	Tiger Direct	11/22/2006	3,376	1320EQ01
8793-2007-2892-096-128-12988	HP Computer T2400	Tiger Direct	11/23/2006	1,205	1320EQ02
0525-2008-2877-219-252	FURNITURE	TRI DATA	7/7/2008	5,797	6780EQ03
8723-2009-2885-096-128-16616	Tablet Computer	Tiger	8/10/2009	10,630	00001087-1

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.
(A NON-PROFIT CORPORATION)
SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED WITH BHHF FUNDING
June 30, 2020

State Account Number of Funds Used/ Program Name	Description of Equipment	Vendor Name	Acquisition Date	Cost	ID No.
0525-2010-3115-219-252/258	2009 Van	Enterprise	8/10/2010	17,909	00001189-1
	Van	Enterprise	8/31/2010	17,909	00001190-1
	Mary Woeful	Big Sandy	8/31/2010	8,178	00001191-1
	2009 Van/Knox Ave	Enterprise	8/31/2010	17,914	00001195-1
	Furniture	Big Sandy	9/30/2010	13,390	00001203-1
	Furniture	Big Sandy	9/30/2010	12,860	00001204-1
	Furniture	Big Sandy	9/30/2010	6,781	00001205-1
	2009 Van	Enterprise	9/30/2010	17,914	00001207-1
	2009 Van	Enterprise	9/30/2010	17,279	00001208-1
0525-2011-3115-219-252/258	Walnut Place Renovations	Elmer Redden	11/30/2010	37,800	00001220-1
	Hooten	Hooten Equipment	11/30/2010	5,194	00001221-1
	Standard Alarm Company	Standard Alarm	1/31/2011	9,510	00001216-1
	Furniture for Cypress	Big Sandy	1/31/2011	14,655	00001228-1
	Big Sandy	Big Sandy	2/28/2011	10,044	00001238-1
	Adkins Design	Adkins Design	4/30/2011	6,500	00001252-1
	Standard Alarm Company	Standard Alarm	6/30/2011	5,220	00001273-1
	HDC	Housing Development Corpora	6/30/2011	7,500	00001274-1
Total				$ 561,551	