Prestera Center for Mental Health Services, Inc. and Subsidiary

Financial Report

June 30, 2021 and 2020

now, for tomorrow

CONTENTS

Baker Tilly US, LLP
101 Washington Street, East
P.O. Box 2629
Charleston, WV 25329
United States of America

T: +1 (304) 346 0441
F: +1 (304) 346 8333
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER SUPPLEMENTARY INFORMATION

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 (the Center), which comprise the consolidated balance sheet as of June 30, 2021, 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 (collectively, the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit 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.

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Auditors

The financial statements of the Center, as of and for the year ended June 30, 2020, were audited by other auditors, whose report, dated June 22, 2021, expressed an unmodified opinion on those statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended June 30, 2021, as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), for the year ended June 30, 2021, is presented for purposes of additional analysis and is not a required part of the 2021 financial statements. Also, the accompanying schedule of state awards for the year ended June 30, 2021, is presented for purposes of additional analysis of the 2021 financial statements and is not a required part of such 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 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of state awards are fairly stated in all material respects in relation to the 2021 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 May 6, 2022, on our consideration of Prestera Center for Mental Health Services, Inc. and Subsidiary'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 for the year ended June 30, 2021. Other auditors issued a similar report for the year ended June 30, 2020, dated June 22, 2021, which has not been included with the 2021 financial and compliance report. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prestera Center for Mental Health Services, Inc. and Subsidiary's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Charleston, West Virginia
May 6, 2022

PRESTERA CENTER FOR MENTAL HEALTH
SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 377,760	$ 251,876
Cash - client funds	890,152	839,179
Grants and contracts receivable	3,275,985	3,703,982
Client fees receivable	2,790,495	3,294,911
Accounts recievable - related parties	64,854	102,668
Accounts recievable - other	-	28,208
Prepaid expenses	45,282	26,594
Investments	2,477,218	1,962,326
Total current assets	9,921,746	10,209,744
Property and equipment, net	6,918,579	7,072,877
Total assets	16,840,325	17,282,621
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term obligations	308,058	291,348
Line of Credit	3,500,000	2,956,723
Accounts payable and accrued expenses	2,130,709	2,943,512
Client funds	890,152	839,179
Accrued payroll and vacation	1,711,794	1,616,984
Deferred revenue	-	388,540
Total current liabilities	8,540,713	9,036,286
Long-term liabilities		
Long-term obligations, net of current portion	2,027,229	2,320,009
Postretirement benefit obligation	319,177	196,634
Total liabilities	10,887,119	11,552,929
Net assets		
Unrestricted	5,953,206	5,729,692
Total net assets	5,953,206	5,729,692
Total liabilities and net assets	$ 16,840,325	$ 17,282,621

See Notes to Consolidated Financial Statements

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years Ended June 30, 2021 and 2020

	2021	2020
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT		
Net client service revenue	$ **17,682,467**	$ 19,248,813
Federal, state and other grants and contracts	**16,605,333**	15,831,402
Room and board	**586,411**	600,864
Investment income	**516,196**	91,332
In-kind contribution for use of liabilities	**670,095**	670,095
Other income	**777,939**	262,722
Total unrestricted revenues, gains, and other support	**36,838,441**	36,705,228
EXPENSES		
Salaries and wages	**20,572,649**	21,070,669
Employee benefits	**4,817,644**	4,849,593
Contracted services	**2,815,684**	3,436,663
Professional fees	**62,128**	81,088
Lab fees	**96,274**	90,443
Supplies	**2,081,396**	1,894,266
Education	**154,234**	104,019
Travel	**222,712**	392,953
Postage	**25,189**	37,015
Advertising	**214,607**	115,053
Repairs and maintenance	**308,589**	316,327
Dues and subscriptions	**158,490**	105,951
Taxes	**32,120**	70,519
Insurance	**1,029,498**	988,322
Utilities	**1,301,956**	1,304,689
Equipment leases	**499,307**	550,470
Rent	**613,760**	637,294
Occupancy	**670,095**	670,095
Depreciation and amortization	**458,387**	471,603
Interest	**231,513**	350,144
Other	**248,695**	87,540
Total expenses	**36,614,927**	37,624,716
Excess (deficiency) of revenues, gains and other support over expenses	**223,514**	(919,488)
Net assets:		
Beginning of year	**5,729,692**	6,649,180
End of year	$ **5,953,206**	$ 5,729,692

See Notes to Consolidated Financial Statements

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 223,514	$ (919,488)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	458,387	471,603
Allowance for bad debts	-	1,295,776
Net realized and unrealized (gain) loss on investments,	(472,639)	(41,581)
Loss on disposal of property and equipment	21,650	-
(Increase) decrease in:		
Accounts and grants receivable	998,435	(2,337,917)
Prepaid expenses	(18,688)	(5,378)
Increase (decrease) in:		
Accounts payable and accrued expenses	(812,803)	(671,508)
Client funds	50,973	214,792
Deferred revenue	(388,540)	388,540
Accrued payroll and vacation	94,810	156,028
Post retirement benefit obligation	122,543	1,540
Net cash provided by (used in) operating activities	277,642	(1,447,593)
Cash flows from investing activities		
Purchases of property and equipment	(42,253)	(64,114)
Net change in investments	(325,739)	20,452
Net cash used in investing activities	(367,992)	(43,662)
Cash flows from financing activities		
Proceeds from long-term obligations	-	1,068,936
Payments on long-term obligations	(276,070)	(1,342,461)
Line of credit borrowings (payments), net	543,277	1,862,350
Net cash provided by (used in) financing activities	267,207	1,588,825
Net increase (decrease) in cash and cash equivalents	176,857	97,570
Cash and cash equivalents		
Beginning	1,091,055	993,485
Ending	$ 1,267,912	$ 1,091,055
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	$ -	$ 302,738
Cash and cash equivalents and client funds consist of:		
Cash and cash equivalents	377,760	251,876
Cash - Client funds	890,152	839,179
	$ 1,267,912	$ 1,091,055

See Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

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.

Principles of Consolidation: The consolidated financial statements of Prestera Center for Mental Health Services, Inc. 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. As of January 1, 2022, Midland Behavioral Health, Inc. operations were merged into Prestera Center of Mental Health Service, Inc. and, Midland Behavioral Health, Inc. was dissolved.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect 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.

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

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 a 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 as of June 30, 2021 and 2020.

The Center has elected to present temporarily restricted contributions, which are fulfilled in the same time period, within the unrestricted net assets class.

Excess (deficiency) of revenues, gains, and other support over expenses: The consolidated statements of operations and changes in net assets include excess (deficiency) of revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from excess (deficiency) 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).

Client fees receivable and net client service revenue: Net client fees receivable are carried at net realizable value taking into account implicit and explicit price concessions. The estimated implicit price concessions are based upon management's judgmental assessment of historical and expected net collections considering business and general economic conditions in its service area, trends in healthcare coverage, and other collection indicators on a claim-by-claim basis. For receivables associated with services provided to patients who have third-party coverage (which includes patients with deductible and payment balances for which third-party coverage exists for part of the bill), the Center analyses contractually due amounts and provides an explicit price concession. Throughout the year, management assesses the adequacy of the price concessions based upon its review of receivable payer composition and aging, taking into consideration recent experience by payer category, payer agreement rate changes, and other factors. The results of these assessments are used to make modifications to net client service revenue and to establish an appropriate estimate for price concessions. Client fees receivables are reported net of estimated implicit and explicit price concessions.

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.

Revenue from Medicaid programs represents a significant portion of net client service revenue. Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will differ from actual results.

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

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.

Property and equipment: Property and equipment acquisitions are recorded at cost. Depreciation is computed using 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 are excluded from deficiency 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.

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.

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.

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, 2021 and 2020, was $214,607and $115,053 respectively.

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.

Income taxes:

Prestera Center for Mental Health Services, Inc. – 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 2019. Management is of the opinion that neither entity has any material uncertain tax positions, and accordingly recognizes no liability for unrecognized benefits.

Reclassification: Certain reclassifications have been made to the 2020 consolidated financial statements in order to conform to the 2021 presentation. The reclassification had no effect on previously reported net assets.

New or Recent Accounting Pronouncements

Revenue Recognition: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP. This ASU attempts to remove inconsistencies and weaknesses in the current revenue recognition requirements, provides a more robust framework for addressing issues, improves comparability across entities and industries, provides more useful information to the users of the financial statements, and simplifies the preparation of financial statements by consolidating the number of requirements required to be referenced. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. This guidance is effective for all private business entities which have not adopted ASU 2014-09 as of the date this ASU was issued (this includes private companies and not-for-profits). Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. The Center adopted this guidance during the year ended June 30, 2021. The adoption of the ASU 2014-09 also resulted in changes to our presentation and disclosure of customer contract assets and the assessment of variable consideration under customer contracts, which are further discussed in Note 11.

Leases: During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB issued ASU No. 2018-01, "Land Easement Practical Expedient", which permits an entity to elect an optional transition practical expedient to not evaluate land easements that existed or expired before the entity's adoption of Topic 842 and that were not previously accounted for under ASC 840; ASU 2018-10, "Codification Improvements to Topic 842, Leases", which addresses narrow aspects of the guidance originally issued in ASU No. 2016- 02; ASU 2018-11, "Targeted Improvements", which provides entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for those components as a single component; and ASU No. 2018-20, "Narrow-Scope Improvements for Lessors", which addresses sales and other similar taxes collected from lessees, certain lessor costs, and the recognition of variable payments for contracts with lease and nonlease components. During 2019, the FASB issued ASU No. 2019-01, "Codification Improvements", which deferred the effective date for certain entities and, during 2020, issued ASU No. 2020-05, "Effective Dates for Certain Entities", which deferred the effective date of ASU No. 2016-02 for those entities that had not yet issued their financial statements at the time of ASU No. 2020-05's issuance. During 2021, the FASB issued ASU No. 2021-05, "Lessors-Certain Leases with Variable Lease Payments", which affects lessors with lease contracts that (1) have variable lease payments that do not depend on a reference index or a rate and (2) would have resulted in the recognition of a selling loss at lease commencement if classified as a sales-type or direct financing lease to align with practice under Topic 840. During 2021, the FASB also issued ASU No.2021-09, "Discount Rate for Lessees That Are Not Public Business Entities", which allows a lessee that is not a public business entity to make the risk–free rate election by class of underlying asset, rather than at the entity-wide level. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Center is currently assessing the effect that Topic 842 (as amended) will have on its results of operations, financial position and cash flows.

Investments: On January 16, 2020, that FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.* The amendments of this ASU, among other things, clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments—Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The new ASU also clarifies that, when determining the accounting for certain forward contracts and purchased options a company should not consider, whether upon settlement or exercise, if the underlying securities would be accounted for under the equity method or the fair value option. ASU No. 2020-01 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, ASU No. 2020-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Early application is permitted, including early adoption in an interim period for public business entities for periods for which financial statements have not yet been issued, and all other entities for reporting periods for which financial statements have not yet been made available for issuance. An entity should apply ASU No. 2020-01 prospectively at the beginning of the interim period that includes the adoption date. The Center is currently evaluating the impact, if any, that adoption will have on its June 30, 2023 financial statements.

Not-for-Profit Entities: In September 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires disclosure around the contributed nonfinancial assets recognized. This guidance is effective retrospectively for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Center is currently evaluating the impact, if any, that adoption will have on its June 30, 2022 financial statements.

Subsequent events: In preparing these financial statements, the Center has evaluated events that occurred though May 6, 2022, the date the financial statements were issued, for potential recognition or disclosure.

Note 2. Investments

The estimated value of investments as of June 30, 2021 and 2020, was as follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	$ 58,249	$ 58,249	$ 46,986	$ 46,986
Stock and mutual funds	1,187,465	1,757,591	1,208,250	1,338,341
Mutual funds – fixed income	564,895	594,805	482,208	514,845
Mutual funds – exchange-traded funds	65,372	66,573	52,865	62,154
Total investments	$ 1,875,981	$ 2,477,218	$ 1,790,309	$ 1,962,326

Investment income and gains (losses) from investments are comprised of the following for the years ending June 30, 2021 and 2020.

	2021	2020
Interest and dividends income	$ 43,557	$ 49,751
Realized and unrealized loss, net	472,639	41,581
	$ 516,196	$ 91,332

Note 3. Support and Revenue from Government 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, 2021 and 2020 follows:

	2021	2020
Land and improvements	$ 2,422,586	$ 2,415,048
Buildings and improvements	8,753,484	8,541,643
Furniture and equipment	4,243,985	4,207,759
Leasehold improvements	924,595	948,085
Vehicles	218,568	218,568
Construction in progress	71,979	-
	16,635,197	16,331,103
Less accumulated depreciation and amortization	9,716,618	9,258,226
Property and equipment, net	$ 6,918,579	$ 7,072,877

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, 2021 and 2020 was $15,269 and $22,039. 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, 2021 and 2020 amounted to $458,387 and $471,603.

Note 5. Fair Value Measurements

Authoritative guidance regarding *Fair Value Measurements* establishes a framework for measuring fair value. This guidance defines fair value, establishes a framework and hierarchy for measuring fair value, and outlines the related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model. 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 unobservable inputs (Level 3 measurements). The levels in the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2021 and 2020:

Cash and cash equivalents
The carrying amounts reported on the balance sheets for cash and cash equivalents approximate fair value.

Equity Securities
The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Mutual Funds
Valued at the quoted net asset value (NAV) of shares held at year end.

	2021			
	Level 1	Level 2	Level 3	Total
ASSETS				
Cash and cash equivalents	$ 58,249	$ -	$ -	$ 58,249
Stocks and mutual funds	1,757,591	-	-	1,757,591
Mutual funds – fixed income	594,805	-	-	594,805
Mutual funds– exchange-traded funds	66,573	-	-	66,573
Total	$ 2,477,218	$ -	$ -	$ 2,477,218

	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
Mutual funds– exchange-traded funds	62,154	-	-	62,154
Total	$ 1,962,326	$ -	$ -	$ 1,962,326

Note 6. Accounts Payable

Accounts payable at June 30, 2021 and 2020 includes book overdrafts of $734,950 and $506,674. 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' number of years of vesting service. 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, 2021 and 2020 were $255,925 and $236,640.

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, 2021 and 2020 were $14,894 and $19,415.

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, 2021 and 2020, were $6,273 and $5,726.

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 the plan. At June 30, 2021 and 2020, the Center has accrued a postretirement benefit obligation of $319,177 and $196,634 to cover the present value of the anticipated future premiums for the postretirement benefits.

Note 8. Lines of Credit

Prestera Center for Mental Health Services, Inc. has a $3,000,000 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 and a floor of 5.5% with interest payable monthly. The interest rate at June 30, 2021 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 $3,500,000 and $2,917,646 at June 30, 2021 and 2020, respectively. The LOC is renewable annually and is secured by substantially all assets.

Note 9. Long-Term Debt

A summary of long-term debt at June 30, 2021 and 2020, follows:

	2021	2020
Note payable to bank, interest at 6.00% payable at $16,848 per month including interest. Secured by deed of trust on property.	732,731	885,317
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 prorate contingent repayment obligation should the property cease to be used as an addictions recovery center.	200,000	220,000
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 prorate contingent repayment obligation should the property cease to be used as an addictions recovery center.	400,001	466,666
Note payable to bank, interest at prime plus 5.00%, due in monthly installments of $8,494 including interest. Secured by equipment and deed of trust on property.	1,002,555	1,039,374
Total	2,335,287	2,611,357
Less current portion	308,058	291,348
Long-term obligations	$ 2,027,229	$ 2,320,009

As of June 30, 2021, long-term debt matures as follows:

Years Ending June 30,	
2022	$ 308,058
2023	314,266
2024	327,794
2025	342,378
2026	172,115
Thereafter	870,676
Total	$ 2,335,287

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 $613,760 and $637,294 for the years ended June 30, 2021 and 2020. 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 for both years ended June 30, 2021 and 2020. The Center had an additional $499,307 and $550,470 in equipment rentals for the years ended June 30, 2021 and 2020, respectively.

Note 11. Client Service Revenue

On July 1, 2020, the Center adopted the new revenue recognition accounting standard issued by the Financial Accounting Standards Board (FASB) using the full retrospective method. The adoption of the new standard did not have an impact on the recognition of revenue for any periods prior to adoption. As a result, any provision for bad debts would no longer be presented in a separate line on the financial statements, but included in net client service revenue as an estimated implicit price concession. Additionally, the allowance for doubtful accounts was reclassified as a component of client fees receivable and eliminated on the balance sheets.

Net client service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing medical care from clients treated, third-party payers (including health insurers and government payers), and others for services rendered. It includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Center bills the client and third-party payers several days after services are performed. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on expected collections to be received. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Center measures the performance obligation from the time a client receives a service to the point when it is no longer required to provide service to the client, which is generally at the time a patient service is completed.

The Center determines the transaction price based on standard charges for services provided, reduced by explicit price concessions (contractual adjustments) provided to third-party payers and discounts provided to clients, including charity care, in accordance with the Center's policy. Explicit concessions under third-party reimbursement programs represent the difference between the Center's billings at established rates for services and amounts reimbursed by third-party payers. The Center determines explicit price concessions based on contractual agreements, Center policies, and historical experience. Implicit price concessions are provided to uninsured or indigent patients who qualify for charity care. The Center determines its estimate of implicit price concessions based on its historical collection experience and review of individual claims.

The Center has agreements with third-party payers that provide for reimbursement to the Center at amounts different from its established rates. Explicit concessions under third-party reimbursement programs represent the difference between the Center's billings at established rates for services and amounts reimbursed by third-party payers. The Center will receive prospective payment, fee for service, reimbursement from the Medicare and Medicaid programs.

Laws and regulations concerning government programs, including Medicare and Medicaid, are extremely complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Center. In addition, the contracts the Center has with commercial payers also provide for retroactive audit and review of claims.

Settlements with third-party payers for retroactive adjustments due to audits, review, or investigations are considered variable consideration and are included in the determination of estimated transaction price for providing client care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Recorded amounts for cost report settlements with Medicare and Medicaid are immaterial.

The Center provides services to uninsured or indigent clients and offers those clients a discount from standard charges. Patients who meet the Center's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity are not reported as revenue. The Center estimates the transaction price from those who are uninsured based on historical experience and current market conditions. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2021, was not considered material.

The Center has elected the practical expedient allowed under FASB Accounting Standard Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from patient and third-party payers for the effects of a significant financing component due to the Center's expectation that the period between the time the service is provided to a client and the time that the client or a third-party payer pays for that service will be one year or less. However, the Center does, in rare instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Center has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are primarily affected by the primary payer. A summary of net client service revenue by payer for the years ended June 30, 2021 and 2020, is as follows:

	2021	2020
Medicare	$ 240,547	$ 498,452
Medicaid	14,276,971	15,959,024
Other third-party payors	2,644,099	2,638,190
Self-pay	520,850	153,147
Total	$ 17,682,467	$ 19,248,813

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 $512,000 and $460,000, 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 divided by gross revenue.

Charity care of approximately $300,000 in 2021 and $297,000 in 2020 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, 2021 and 2020:

	2021	2020
Medicare	2%	7%
Medicaid	75%	84%
Self-pay	16%	4%
Other third-party payors	7%	5%
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 its 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, 2021 and 2020:

	Year Ended June 30, 2021		
	Clinical Services	General and Administrative	Total
Salaries and wages	$ 18,902,628	$ 1,670,021	$ 20,572,649
Employee benefits	3,966,280	851,364	4,817,644
Contracted services	2,212,180	603,504	2,815,684
Professional fees	3,164	58,964	62,128
Lab fees	85,357	10,917	96,274
Supplies	1,893,144	188,252	2,081,396
Education	64,677	89,557	154,234
Travel	204,731	17,981	222,712
Postage	1,913	23,276	25,189
Advertising	102,718	111,889	214,607
Repairs and maintenance	164,361	144,228	308,589
Dues and subscriptions	10,648	147,842	158,490
Taxes	18,980	13,140	32,120
Insurance	277,601	751,897	1,029,498
Utilities	1,207,853	94,103	1,301,956
Equipment leases	464,095	35,212	499,307
Rent	567,138	46,622	613,760
Occupancy	85,656	584,439	670,095
Depreciation and amortization	279,716	178,671	458,387
Interest	59,566	171,947	231,513
Other	141,558	107,137	248,695
Total Expenses	$ 30,713,964	$ 5,900,963	$ 36,614,927

	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	361,224	31,726	392,950
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	$ 31,631,712	$ 5,993,001	$ 37,624,713

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 claims-made 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, 2021 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 claims. 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. 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 Apartment
- 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, 2021 and 2020 follows:

	2021	2020
Aliff Place	$ 2,358	$ 2,358
Assaley Place	8,353	8,353
Evergreen Place Apartments d.b.a. EGP	12,502	12,502
Main Street Apartments	5,929	5,929
Midland Behavioral Health	-	37,815
Money Management of Charleston	4,840	4,840
Mulberry Manor	2,349	2,349
Other	28,523	28,522
	$ 64,854	$ 102,668

Note 18. Liquidity and Availability

Financial assets available for general expenditure within one year of the consolidated balance sheets dates, consist of the following at June 30:

	2021	2020
Cash and cash equivalents	$ 377,760	$ 251,876
Grants and contracts receivable	3,275,985	3,703,982
Client fees receivable	2,790,495	3,294,911
Accounts receivable – related parties	103,675	102,668
Accounts receivable – other	-	28,208
Investments	2,477,218	1,962,326
	$ 9,025,133	$ 9,343,971

As part of the Center's liquidity management plan, it maintains a policy to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. In the event of unanticipated liquidity needs, the Center could draw upon an available line of credit (see Note 8).

Note 19. COVID-19 Pandemic

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. The pandemic has significantly impacted both the world and U.S economies. Since March 2020, many state and local governments, in addition to the federal government, reacted to the public health crisis, creating significant uncertainties in the U.S. economy. In response to this coronavirus outbreak, the governments of many countries, states, cities, and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. In certain geographic regions in which the Center operates, temporary closures of businesses have been ordered or suggested and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses.

As a result of the COVID-19 pandemic, client volumes and related revenues for certain services have been negatively impacted and expenses related to supplies such as personal protective equipment and other expenditures have been increasing. Many of these impacts continued to affect the Center's results of operations through year ended June 30, 2021.

Federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020, which included, among other programs, the Provider Relief Fund (PRF). The American Rescue Plan Act of 2021 (ARPA) was enacted on March 11, 2021, and authorized additional distributions to hospitals and other health care providers through the Provider Relief Fund.

Department of Health and Human Services (HHS) Provider Relief Fund: During the years ended June 30, 2021 and 2020, the Center received $73,381 and $382,832, respectively, in funding through the HHS PRF program. According to guidance provided by the HHS, these funds may only be used when health care providers experience a loss in revenue and/or incur expenses as a result of the COVID-19 pandemic. Additionally, health care providers must comply with certain terms and conditions, established by the HHS, when spending the funds. If the health care provider is unable to justify utilization of the funds through lost revenues or COVID-19 expenses, the funds must be returned to the HHS.

The Center has accounted for the original receipt of PRF funds in other current liabilities. Based on the Center's calculation of lost revenue and COVID-19 expenses, the Center has recognized $456,213 and $0 as Provider Relief Funds on the consolidated statements of operations during the years ended June 30, 2021 and 2020, respectively, while $0 and $382,832 remains in deferred revenue as of June 30, 2021 and 2020, respectively. As it relates to the amount recognized as revenue, the Center believes that the conditions for receipt and conditions for expenditure have both occurred during the years ended June 30, 2021 and 2020.

While the Center has utilized all available current information in determining the proper utilization and accounting for these funds, additional regulatory guidance is expected that could have a material impact on how the Center has recognized PRF funds.

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:				
Passed through the State of West Virginia, Department of Health and Human Resources:				
Block Grants for Prevention and Treatment of Substance Abuse:				
Substance Abuse Block	93.959	2021-8793-0506-2892-13000	$ -	$ 137,162
Substance Abuse Block	93.959	2021-8793-0506-2899-13000	-	267,219
Substance Abuse Block	93.959	2021-8793-0506-2899-13000	-	27,000
Substance Abuse Block	93.959	2021-8793-0506-2899-13000	-	40,000
			-	471,381
Block Grants for Community Mental Health Services:				
Community Mental Health Block	93.958	2021-8794-0506-2916-13000	-	100,000
Community Mental Health Block	93.958	2021-8794-0506-2851-13000	-	42,051
			-	142,051
Opioid STR				
State Target Response to the Opiod Crisis Grants	93.788	2021-8723-0506-2886-13000	-	101,313
State Target Response to the Opiod Crisis Grants	93.788	2021-8793-0506-2886-13000	-	17,558
State Target Response to the Opiod Crisis Grants	93.788	2021-8723-0506-2886-13000	-	10,178
State Target Response to the Opiod Crisis Grants	93.788	2021-8723-0506-2886-13000	-	72,004
State Target Response to the Opiod Crisis Grants	93.788	2021-8723-0506-2886-13000	-	353,372
			-	554,425
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
Substance Abuse and Mental Health Services Administration	93.243	2021-8723-0506-2916-13000	-	89,432
Substance Abuse and Mental Health Services Administration	93.243	2021-8723-0506-2888-13000	-	22,630
Substance Abuse and Mental Health Services Administration	93.243	2021-8723-0506-2886-13000	-	211,490
Substance Abuse and Mental Health Services Administration	93.243	2021-8723-0506-2888-13000	-	75,771
Substance Abuse and Mental Health Services Administration	93.243	2021-8723-0506-2916-13000	-	128,210
			-	527,533
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)				
Children's Mental Health Programs	93.104	2021-8723-0506-2916-13000	-	41,246
Children's Mental Health Programs	93.104	2021-8723-0506-2916-13000	-	41,045
Children's Mental Health Programs	93.104	2021-8723-0506-2916-13000	-	46,996
Children's Mental Health Programs	93.104	2021-8723-0506-2916-13000	-	133,682
			-	262,969

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY
SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title+A46:E87	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Direct awards:				
Rural Health Care Services Outreach, Rural Health Network				
Development and Small Health Care Provider Quality Improvement	93.912	N/A	-	50,147
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	123,501
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	N/A	-	142,334
Provider Relief Fund	93.498	N/A	-	382,832
Enhance Safety of Children Affected by Substance Abuse	93.087	N/A	-	475,688
Total U.S. Department of Health and Human Services			-	3,132,861
U.S. Department of Housing and Urban Development:				
Passed-through from Cabell Huntington Coalition for the Homeless, Huntington WV:				
Homeless Management Information Systems Techinical Assistance	14.261	WV0007I3e11810	-	21,924
Continuum of Care Program	14.267	WV0012L3E011809	-	80,008
Continuum of Care Program	14.267	WV0047L3E011910	-	132,240
			-	212,248
Direct awards:				
Continuum of Care Program	14.267	N/A	-	48,237
Total U.S. Department of Housing and Urban Development			-	282,409
U.S. Department of Justice:				
Passed through the State of West Virginia, Department of Health and Human Resources:				
Comprehensive Opioid Abuse Site-Based Program	16.838	2022-5207-0506-3809-09900	-	10,705
Total U.S. Department of Justice			-	10,705
Total Expenditures of Federal Awards			$ -	$ 3,425,975
Federal Awards				

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF STATE AWARDS
Year Ended June 30, 2021

Note 1. 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, 2021. 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 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, with the exception of expenditures associated with Provider Relief Funds (PRF). Such expenditures are recognized following, Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. PRF expenditures are reported based upon the PRF report that is required to be submitted to HRSA reporting portal.

Note 3. Indirect Cost Rate

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

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF STATE AWARDS
Year Ended June 30, 2021

State Grantor/Program Title	Grant Number	Grant Period	Grant Award	Grant Receipts	Grant Expenditures
West Virginia Department of Health and Human Resources Bureau of Public Health, Office of Community Health Systems:					
Activities in Support of the Law Enforcement Assisted Diversion (LEAD)	G200899	1/1/2020 - 12/31/2020	70,000	29,400	14,864
Sobriety Treatment and Recovery Teams	G201008	5/1/2020 - 6/30/2022	923,277	174,128	88,111
Children's Wraparound	G210174	7/1/2020 - 6/30/2021	631,744	544,452	631,744
Children's Mobile Crisis Response	G210177	7/1/2020 - 6/30/2021	504,216	270,825	262,152
Children's Mental Health Programs	G210181	7/1/2020 - 6/30/2021	84,000	56,280	84,000
The Continuum Enchancement Program	G210190	7/1/2020 - 6/30/2021	2,602,160	1,932,978	2,602,160
Indigent Care	G210203	7/1/2020 - 6/30/2021	1,376,104	807,314	1,228,274
WV System of Care - Children's Mental Health	G210210	7/1/2020 - 6/30/2021	278,624	117,022	89,276
Adult Mental Health	G210223	7/1/2020 - 6/30/2021	5,595,946	3,457,248	5,241,417
Community Engagement Specialist	G210260	7/1/2020 - 6/30/2021	1,183,459	792,918	805,510
Family and Community Support	G210288	7/1/2020 - 6/30/2021	205,000	137,350	169,541
Children's Expanded School Mental Health Program	G210356	7/1/2020 - 6/30/2021	120,000	70,400	120,000
Projects for Assistance in Transition from Homelessness (PATH) Program	G210366	7/1/2020 - 6/30/2021	18,178	12,179	24,628
Residential Services	G210657	10/1/2020 - 9/30/2021	165,996	69,718	128,517
Substance Abuse Recovery Residence	G210670	10/1/2020 - 9/30/2021	280,955	56,191	21,679
Behavioral Health Programs	G210712	9/1/2020 - 9/30/2020	3,000	3,000	3,000
Crisis Stabilization Unit Pilot	G210865	10/1/2020 - 9/30/2021	363,412	-	333,116
Total			14,406,071	8,531,403	11,847,989
West Virginia Department of Health and Human Resources, Bureau for Children and Families:					
West Virginia Housing Development Fund Home4Good Street Outreach Program	N/A	2/22/2020 - 12/31/2021	50,000	31,715	24,052
Total State Awards			$ 14,456,071	$ 8,563,118	$ 11,872,041

Baker Tilly US, LLP
101 Washington Street, East
P.O. Box 2629
Charleston, WV 25329
United States of America

T: +1 (304) 346 0441
F: +1 (304) 346 8333
bakertilly.com

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 in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Prestera Center for Mental Health (the Center) as of June 31, 2021, 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 May 6, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 accompany schedule of findings and questioned costs as items 2021-01, 2021-02, and 2021-04 that we consider to be material weaknesses. We did identify deficiencies in internal controls, described in the accompany schedule of findings and questioned costs as items 2021-03 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Center's Response to Findings

The Center's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Center's response was not subjected to the auditing procedures applied in the audit of the 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Charleston, West Virginia
May 6, 2022

bakertilly

Baker Tilly US, LLP
101 Washington Street, East
P.O. Box 2629
Charleston, WV 25329
United States of America

T: +1 (304) 346 0441
F: +1 (304) 346 8333
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND REPORT 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, 2021. 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.

Auditors' 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 Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompany schedule of findings and questioned costs as items 2021-05 that we consider to be material weaknesses.

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP

Charleston, West Virginia
May 6, 2022

DHHR FINANCE

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PRESTERA CENTER FOR MENTAL HEALTH
SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Section I. – Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	_X_ yes ___ no
• Significant deficiency(ies) identified?	_X_ yes ___ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	_X_ yes ___ no
• Significant deficiency(ies) identified?	_X_ yes ___ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
• Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	___ yes _X_ no

Identification of major programs:

CFDA Number	Name of Federal program or Center	Amount Expended
93.959	Block Grants for Prevention and Treatment of Substance Abuse	$ 471,381
93.788	Opioid STR	554,425
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	262,969
93.498	Provider Relief Fund	382,832
	Total Major Programs	$ 1,671,607

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

2021-01 Accounts Receivable Reconciliations

Criteria or Specific Requirement: During the process of testing accounts receivable, we noted that accounts were not reconciled to the general ledger on a timely basis.

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

Effect: Adjustments were required to the accounts receivable general ledger account balances after year end closing.

Recommendation: We recommend that management implement procedures to ensure that all accounts are reviewed and reconciled to their proper balance on monthly basis. Reconciliations 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. should be prepared to determine that all cash transactions have been properly and to discover errors.

Corrective Action Taken or Planned: This is a known issue and management has implemented procedures subsequent to the June 30, 2021 year end to ensure that all accounts are reviewed and reconciled to their proper balance on a monthly basis.

2021-02 Schedules of Expenditures of Federal Awards and State Awards

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

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

Effect: Significant adjustments were required to the financial statements and 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.

Corrective Action Taken or Planned: Management is in the process of developing procedures and processes to ensure timely and accurate recording. Management is also started the process of upgrading accounting and grant software to support the finance department in producing timely and accurate information.

2021-03 Outstanding Checks

Criteria or Specific Requirement: Outstanding checks listings are reviewed monthly and older outstanding checks investigated and resolved.

Condition and Cause: During our testing of cash reconciliations, we noted approximately $687,000 of outstanding checks associated with the operating cash account. Approximately, $489,000 of the outstanding checks are over one year old. Outstanding checks has resulted in cash being in a deficit position.

Effect: Deficit cash had to be reclassed on the financial statements. Possible unclaimed property associated with outstanding checks.

Recommendation: We recommend that management allocate resources to investigate and resolve the outstanding check listing. Procedures and processes need developed to review and investigate outstanding checks on a monthly bases.

Corrective Action Taken or Planned: This is a known issue for management, who is in the process of investigating and resolving the outstanding checks. Management is also started the process of upgrading accounting software to support the finance department in producing timely and accurate information.

2021-04 Reporting on State Grants

Criteria or Specific Requirement: West Virginia Department of Health and Human Resources requires the Center to provide quarterly reporting state grant expenditures and receipts. The quarterly reports are due 30 days after each quarter.

Condition and Cause: While preforming our grant testing procedures, we noted several of the quarterly reporting to the state was submitted late to the West Virginia Department of Health and Human Resources.

Effect: The Center was not in compliance with the West Virginia Department of Health and Human Resources requirements.

Recommendation: We recommend that management develop processes and procedures to ensure quarterly reporting is completed by the deadline date.

Corrective Action Taken or Planned: This is a known issue for management, who is in the process of developing processes and procedures for grant reporting. Management is also started the process of upgrading accounting and grant software to support the finance department in producing timely and accurate information.

Section III. – Findings and Questioned Costs for Federal Awards

2021-05

Programs: Block Grants for Prevention and Treatment of Substance Abuse, Opioid STR, Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances, and Provider Relief Fund

CFDA Numbers: 93.959, 93.788, 93.104, and 93.498

Federal Agencies: U.S. Department of Health and Human Services

Passed-Through Entities: State of West Virginia Department of Health and Human Resources

Award Number: Various

Award Year: Various

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: None

Criteria: Preparation of an accurate SEFA is required by Uniform Guidance.

Condition and Context: The Schedule of Expenditures of Federal Awards (SEFA) were not prepared timely. The Center lacked proper controls over the preparation of the SEFA to ensure accuracy.

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

Cause: The Center had delays in reconciling the SEFA due to turnover within finance department and lack of proper oversight from previous leadership within finance.

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

View of Responsible Officials: The Center agrees with the finding. See Management Plans.

PRESTERA CENTER FOR MENTAL HEALTH
SERVICES, INC. AND SUBSIDIARY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Prior Year 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.

Recommendation

We recommend that management implement procedures to ensure that all accounts are reviewed and reconciled to their proper balance on 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 properly and to discover errors.

Current Status

Procedures have been developed and implemented to ensure cash reconciliations are being completed on a monthly basis.

2020-02 Accounts Receivable Reconciliations

Condition and Cause

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

Recommendation

We recommend that management implement procedures to ensure that all accounts are reviewed and reconciled to their proper balance on monthly basis. Reconciliations 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. should be prepared to determine that all cash transactions have been properly and to discover errors.

Current Status

Management was still developing processes to ensure accounts receivable was being reconciled on a monthly basis as of June 30, 2021. Finding will be repeated as a current year finding, see 2021-01.

2020-03 Accounts Payable Cutoff Procedures and Reconciliation

Condition 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.

Recommendation

We recommend that management implement procedures to ensure that all accounts payable are reviewed and reconciled to their proper balance on monthly basis. Reconciliations 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.

Current Status

Procedures have been developed and implemented to ensure proper cut off and reconciliation of accounts payable are being completed on a monthly basis.

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

Condition and Cause

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

Recommendation

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

Current Status

Management was still developing processes to ensure accounts receivable was being reconciled on a monthly basis as of June 30, 2021. Finding will be repeated as a current year finding, see 2021-02.

Baker Tilly US, LLP
101 Washington Street, East
P.O. Box 2629
Charleston, WV 25329
United States of America

T: +1 (304) 346 0441
F: +1 (304) 346 8333
bakertilly.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY 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 (the Center), as of and for the year ended June 30, 2021, and have issued our report thereon, dated May 6, 2022, which contains an unmodified opinion on those consolidated financial statements. See pages 1 through 2 of this document. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the year ended June 30, 2021, as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information as of and for the year ended June 30, 2021, 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 combined financial statements as a whole.

Baker Tilly US, LLP

Charleston, West Virginia
May 6, 2022

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEETS
As of June 30, 2021

	Prestera Center for Mental Health Services, Inc	Midland Behavioral Health, Inc.	Eliminations	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 365,204	$ 12,556	$ -	$ 377,760
Cash - client funds	890,152	-	-	890,152
Grants and contracts receivable	3,275,985	-	-	3,275,985
Client fees receivable	2,748,799	41,696	-	2,790,495
Accounts receivable - related parties	103,675	-	(38,821)	64,854
Prepaid expenses	43,544	1,738	-	45,282
Investments	2,477,218	-	-	2,477,218
Total Current Assets	9,904,577	55,990	(38,821)	9,921,746
PROPERTY AND EQUIPMENT, net	6,918,579	-	-	6,918,579
Total Assets	$ 16,823,156	$ 55,990	$ (38,821)	$ 16,840,325
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current maturities of long-term obligations	$ 308,058	$ -	$ -	$ 308,058
Line of Credit	3,500,000	-	-	3,500,000
Accounts payable and accrued expenses	1,947,293	222,237	(38,821)	2,130,709
Client funds	890,152	-	-	890,152
Accrued payroll and vacation	1,649,329	62,465	-	1,711,794
Deferred revenue	-	-	-	-
Total Current Liabilities	8,294,832	284,702	(38,821)	8,540,713
LONG-TERM LIABILITIES				
Long-term obligations, net of current portion	2,027,229	-	-	2,027,229
Postretirement benefit obligation	319,177	-	-	319,177
Total Liabilities	10,641,238	284,702	(38,821)	10,887,119
NET ASSETS				
Without donor restrictions	6,181,918	(228,712)	-	5,953,206
Total Net Assets	6,181,918	(228,712)	-	5,953,206
Total Liabilities and Net Assets	$ 16,823,156	$ 55,990	$ (38,821)	$ 16,840,325

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2021

	Prestera Center for Mental Health Services, Inc.	Midland Behavioral Health, Inc.	Consolidated Total
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT			
Net Client service revenue	$ 16,982,473	$ 699,994	$ 17,682,467
Federal, state and other grants and contracts	16,605,333	-	16,605,333
Room and board	586,411	-	586,411
Investment income	516,196	-	516,196
In-kind contribution for use of liabilities	670,095	-	670,095
Other income	656,074	121,865	777,939
Total unrestricted revenues, gains and other support	36,016,582	821,859	36,838,441
EXPENSES			
Salaries and wages	20,101,658	470,991	20,572,649
Employee benefits	4,817,644	-	4,817,644
Contracted services	2,585,705	229,979	2,815,684
Professional fees	60,706	1,422	62,128
Lab fees	96,274	-	96,274
Supplies	2,077,828	3,568	2,081,396
Education	154,234	-	154,234
Travel	222,712	-	222,712
Postage	25,134	55	25,189
Advertising	213,001	1,606	214,607
Repairs and maintenance	308,279	310	308,589
Dues and subscriptions	158,490	-	158,490
Taxes	23,520	8,600	32,120
Insurance	1,029,498	-	1,029,498
Utilities	1,279,261	22,695	1,301,956
Equipment leases	497,738	1,569	499,307
Rent	563,360	50,400	613,760
Occupancy	670,095	-	670,095
Depreciation and amortization	458,387	-	458,387
Interest	231,513	-	231,513
Other	234,401	14,294	248,695
Total expenses	35,809,438	805,489	36,614,927
DEFIENCY OF REVENUE, GAIN AND OTHER SUPPORT OVER EXPENSES	207,144	16,370	223,514
Net assets:			
Beginning of year	5,974,774	(245,082)	5,729,692
End of year	$ 6,181,918	$ (228,712)	$ 5,953,206

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF BHHF FUNDING STATUS
For the Year Ended June 30, 2021

Department of Health Account Number	Award	Deferred Support 6/30/2020	Earned and Bill	Unearned and Bill	Not Billed	Collected 6/30/2021
2021-5207-0506-3809-09900-3285-3885	$ 70,000	$ -	$ 14,864	$ -	$ 55,136	$ 29,400
2019-0407-0506-3809-35402-3256-4231	923,277	-	88,111	-	827,207	174,128
2020-0525-0506-2916-21900-3256-4231	631,744	-	631,744	-	-	544,452
2021-0525-0506-2916-21900-3256-4231	504,216	-	262,152	8,673	242,064	270,825
2021-0525-0506-2916-21900-3256-4231	84,000	-	84,000	-	-	56,280
2020-0525-0506-2851-21900-3256-4231	2,602,160	-	2,602,160	-	-	1,932,978
2021-0525-0506-3065-21900-3256-4231	1,376,104	-	1,228,274	-	147,830	807,314
2021-0525-0506-2916-21900-3256-4231	171,992	-	55,109	17,128	116,883	72,237
2021-5074-0511-3162-09900-3256-4230	106,632	-	34,167	10,618	72,465	44,785
2021-0525-0506-3115-21900-3256-4231	426,321	-	426,321	-	-	281,202
2021-0525-0506-3115-21900-3256-4231	325,000	-	325,000	-	-	214,371
2021-0525-0506-3743-21900-3256-4231	720,000	-	720,000	-	-	474,913
2021-0525-0506-3744-21900-3256-4231	375,000	-	375,000	-	-	247,351
2021-0525-0506-3115-21900-3256-4231	3,313,750	-	3,313,750	-	-	2,185,755
2019-0525-0506-3115-21900-3256-4231	331,375	-	81,346	-	250,029	53,656
2019-0525-0506-3743-21900-3256-4231	72,000	-	-	-	72,000	-
2019-0525-0506-3115-21900-3256-4231	32,500	-	-	-	32,500	-
2021-0525-0506-3701-21900-3256-4231	1,183,460	-	805,510	-	377,950	792,918
2021-0525-0506-2867-21900-3256-4231	142,194	-	117,599	-	24,595	95,270
2021-0525-0506-2867-22100-3256-4231	62,806	-	51,942	-	10,864	42,080
2021-0525-0506-2916-21900-3256-4231	120,000	-	120,000	-	-	70,400
2021-0525-0506-2851-21900-3256-4231	18,178	-	24,628	-	(6,450)	12,179
2021-0525-0506-2891-21900-3256-4231	174,375	-	13,455	-	160,920	34,875
2021-0525-0506-2891-21900-3256-4231	106,580	-	8,224	-	98,356	21,316
2019-0407-0506-3809-35402-3256-4231	3,000		3,000		-	3,000
2019-0525-0506-2884-35400-3256-4231	328,500	-	301,114	-	27,386	-
2016-0525-0506-2884-21900-3256-4231	34,912	-	32,002	-	2,910	-
2021-0525-0506-2891-21900-3256-4231	132,797	-	102,814	-	29,983	55,774
2021-0525-0506-2891-80400-3256-4231	33,199	-	25,703	-	7,496	13,944
2022-8793-0506-2892-13000-3285-3885	70,000	-	-	-	70,000	-
2021-8793-0506-2892-13000-3285-3885	210,000	-	137,162	-	72,838	-
2022-8793-0506-2886-13000-3285-3885	134,334	-	-	-	134,334	-
2021-8793-0506-2886-13000-3285-3885	403,002	-	267,219	-	135,783	134,334
2021-8793-0506-2899-13000-3285-3885	27,000	-	27,000	-	-	27,000
2021-8793-0506-2899-13000-3285-3885	40,000	-	40,000	-	-	40,000
2022-8794-0506-2913-13000-3285-3885	25,000	-	25,000	-	-	-
2021-8794-0506-2913-13000-3285-3885	75,000	-	75,000	-	-	50,000
2022-8794-0506-2851-13000-3285-3885	30,000	-	-	-	30,000	-
2021-8794-0506-2851-13000-3285-3885	90,000	-	42,051	-	47,949	30,000
2022-8723-0506-2886-13000-3285-3885	75,000	-	-	-	75,000	-
2021-8723-0506-2886-13000-3285-3885	773,218	-	101,313	-	394,703	-
2021-8723-0506-2886-13000-3285-3885	30,000	-	17,558	-	-	30,000
2021-8723-0506-2886-13000-3285-3885	53,253	-	-	-	-	-
2020-8723-0506-2886-13000-3285-3885	159,780		10,178	-	-	106,507
2022-8723-0506-2886-13000-3285-3885	15,121	-	-	-	15,121	-
2021-8723-0506-2886-13000-3285-3885	115,182	-	72,004	-	43,178	100,061
2022-8723-0506-2886-13000-3285-3885	130,685	-	-	-	130,685	-
2021-8723-0506-2886-13000-3285-3885	392,056	-	353,372	-	38,684	291,848
2021-8723-0506-2916-13000-3285-3885	201,474	-	89,432	-	-	165,405
2021-8723-0506-2888-13000-3285-3885	22,630	-	22,630	-	-	5,658
2022-8723-0506-2886-13000-3285-3885	4,775	-	-	-	4,775	-
2022-8723-0506-2886-13000-3285-3885	2,500	-	-	-	2,500	-
2021-8723-0506-2886-13000-3285-3885	14,325	-	-	-	14,325	-
2021-8723-0506-2886-13000-3285-3885	329,366	-	211,490	-	117,876	160,933
2021-8723-0506-2888-13000-3285-3885	112,500	-	75,771	-	36,729	37,500
2022-8723-0506-2916-13000-3285-3885	201,474	-	-	-	201,474	-

PRESTERA CENTER FOR MENTAL HEALTH
SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF BHHF FUNDING STATUS (Continued)
For the Year Ended June 30, 2021

Department of Health Account Number	Award	Deferred Support 6/30/2020	Earned and Bill	Unearned and Bill	Not Billed	Collected 6/30/2021
2022-8723-0506-2916-13000-3285-3885	18,270	-	-	-	18,270	-
2021-8723-0506-2916-13000-3285-3885	54,810	-	41,246	-	13,564	36,540
2021-8723-0506-2916-13000-3285-3885	46,667	-	-	-	46,667	-
2021-8794-0506-2916-13000-3285-3885	1,666	-	-	-	1,666	-
2020-8723-0506-2916-13000-3285-3885	93,333	-	41,045	-	52,288	30,000
2022-8723-506-2916-13000-3285-3885	27,500	-	-	-	27,500	-
2022-8723-0506-2916-13000-3285-3885	7,500	-	-	-	7,500	-
2021-8723-0506-2916-13000-3285-3885	82,500	-	46,996	-	35,504	70,000
2021-8723-0506-2916-13000-3285-3885	22,500	-	-	-	22,500	-
2022-8723-0506-2916-13000-3285-3885	92,993	-	-	-	92,993	-
2021-8723-0506-2916-13000-3285-3885	278,977	-	133,682	-	145,295	92,992
2022-5207-0506-3809-09900-3285-3885	135,000	-	10,705	-	124,295	106,507
	$ 19,206,937	$ -	$ 13,817,053	$ 36,419	$ 4,777,384	$ 10,292,539

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.

BHHF STANDARDIZED FINANCIAL STATEMENTS – BALANCE SHEET FOR COMPREHENSIVE AND MR/DD FACILITIES ACCRUAL BASIS
June 30, 2021

ASSETS	
Cash	$ 1,255,356
Short-term investments	2,477,218
Accounts receivable – BHHF	2,605,653
Accounts receivable – Clients	658,925
Accounts receivable – Medicaid	1,878,069
Accounts receivable – Medicaid MR/DD Waiver	211,805
Accounts receivable – Other	774,007
Inventory	-
Prepaid/other	43,544
Total current assets	9,904,577
NON-CURENT ASSETS	
FIXED ASSETS	
Property, land and equipment – BHHF	561,551
Less accumulated depreciation	(546,282)
Property, land and equipment – other	16,067,654
Less accumulated depreciation	(9,164,344)
Total property, land and equipment, net	6,918,579
OTHER NON-CURRENT ASSETS	
Long-term investments	-
Other	-
Total assets	$ 16,823,156
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 1,248,595
Taxes payable	66,678
Provider taxes payable	-
Line-of-credit – payable	3,500,000
Short-term notes payable	308,058
Accrued expenses	565,535
Other current liabilities	2,605,966
Total current liabilities	8,294,832
LONG-TERM LIABILITIES	
Long-term notes payable	2,027,229
Other long-term liabilities	319,177
Total liabilities	10,641,238
NET ASSETS	
Unrestricted net assets	6,181,918
Temporarily restricted net assets	-
Permanently restricted net assets	-
Total liabilities and net assets	$ 16,823,156

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC.

BHHF STANDARDIZED FINANCIAL STATEMENTS – INCOME STATEMENT FOR COMPREHENSIVE AND MR/DD FACILITIES ACCRUAL BASIS
For the Year Ended June 30, 2021

	Year-To-Date
REVENUE AND SUPPORT	
Charity Care	
Charity Care – Account 4311.1	$ -
Charity Care – Account 4311.2	773,647
Charity Care – Account 4312.1	-
Charity Care – Account 4312.2	-
Charity Care – Account 4314.1	-
Charity Care – Account 4314.2	-
Charity Care – Account 4315.1	-
Contractual Write-Off Charity Account 4337.1	(773,647)
Charity Care Revenue – Account 4329	-
Support/Alternative Services Revenue – Account 4358	-
Total	-
Gross Client Service Revenue	20,983,285
Contractual Adjustments (Target Funds)	(2,866,416)
Contractual Adjustments (Non-Target Funds)	(773,647)
Net client service revenue	17,343,222
NET CLIENT SERVICE REVENUE	
Medicaid (Target Funds)	-
Medicaid (Non-Target Funds)	12,490,269
Medicaid MR/DD Waiver (Non-Target Funds)	1,792,442
ICF/MR (Non-Target Funds)	-
Private Pay (Non-Target Funds)	-
Private Pay (BHHF Target Funds)	-
Private Pay (BHHF Non-Target Funds)	520,870
Other Client Service Revenue (Target Funds)	-
Other Client Service Revenue (Non-Target Funds)	2,539,641
Total net client service revenue	17,343,222
BHHF Support	12,811,174
Other/Public Support	2,139,132
Other	4,083,803
Total revenue and support	36,377,331
EXPENSES	
Salaries	20,101,658
Fringe Benefits	4,817,644
Contractual Services	2,585,705
Provider Tax	-
Bad Debts	360,749
Bad Debts (BHHF Target Funds)	-
Bad Debts (BHHF Non-Target Funds)	-
Depreciation Expense	458,387
Other Expenses	7,846,044
Total expenses	36,170,187
Net income (loss)	$ 207,144

PRESTERA CENTER FOR MENTAL HEALTH SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF PROPERTY AND EQUIPMENT PURCHASED WITH BHHF FUNDING
June 30, 2021

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	9120EQ02
	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 Foods Services	06/27/06	5,902	9120EQ11
	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 Al	8/18/2006	7,501	6250EQ07
	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(9380)	Stephen's Auto	4/25/2007	14,249	9380EQ02
	3-Thinkpad T40 & Warranty	Tiger Direct	11/22/2006	3,376	Y906VH20
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
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 Corporation	6/30/2011	7,500	00001274-1
Total				$ 561,551	