



Financial Statements
August 31, 2020

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CERTIFICATE OF BOARD APPROVAL

I, Hal Katz, Chairperson of the Board of Trustees of Integral Care, hereby certify that this accompanying audit report for fiscal year 2020 from Eide Bailly LLP was reviewed and approved at a meeting of the Board of Trustees held on the 28th day of January, 2021.

A handwritten signature in black ink that reads "Hal Katz". The signature is written in a cursive style with a long, sweeping tail on the letter "z".

Chairperson, Board of Trustees

January 28, 2021

Date

LISTING OF OFFICIALS

BOARD OF TRUSTEES

Officers

Hal Katz – Chairperson
Luanne Southern – Vice Chair
Sarah Churchill Llamas – Secretary/Treasurer

Members

H. Ed Calahan
Emmitt Hayes
Cynthia Ramos
David Springer
Trish Young Brown
Guadalupe Zamora, M.D.
Sheriff Sally Hernandez

Key Officers

David Evans
David Weden
Lisa Laky
Dawn Handley
Louise Lynch
Ellen Richards
Hugh Simmons
Darilynn Cardona-Beiler

Ken Winston
Sherry Blyth

Dr. James Baker
Mesha Barnes
Kathleen Casey

Chief Executive Officer
Chief Administrative Officer/CFO
General Counsel
Chief Operations Officer
Provider Network & Authority Officer
Chief Strategy Officer
Director of Child and Family Services
Director of Adult Behavioral Health
Systems
Director of IDD Services
Director of Practice Management,
Crisis, Criminal Justice and Substance
Use Treatment Services
Systems Chief Medical Officer
Executive Manager
Director of Clinical Innovation and
Development



Independent Auditor's Report

To the Board of Trustees
Integral Care
Austin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Integral Care (the Center), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of NMF Housing I, Inc., NMF Housing II, Inc., NMF Housing III, Inc., NMF Housing IV, Inc., NMF Housing V, Inc., NMF Housing VI, Inc., and NMF Housing VII, Inc., which collectively are 84.1%, 83.5% and 81.2%, respectively, of the assets, net position and revenues of the business-type activities and 89.2%, 88.8% and 81.2%, respectively, of the assets, net position and revenues of the New Milestones Foundation major enterprise fund. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for NMF Housing I – VII, Inc., is based solely on the reports of the other auditors. We conducted our audit 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 *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Center as of August 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state and federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Single Audit Circular* and is not a required part of the basic financial statements.

The schedule of expenditures of state and federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to basic the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the schedule of expenditures of the state and federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Abilene, Texas
January 28, 2021

As management of Integral Care, we offer readers of Integral Care's financial statements this overview and analysis of the financial activities of Integral Care for the fiscal year ended August 31, 2020.

FINANCIAL HIGHLIGHTS

- The assets of Integral Care exceeded its liabilities at the close of the most recent fiscal year by \$73,423,375 (net position). Of this amount, \$38,024,427 (unrestricted net position) may be used to meet Integral Care's ongoing obligations.
- Integral Care's total government-wide net position increased by \$7,806,006 in fiscal year 2020. Of that, Integral Care's governmental operations provided an increase in net position of \$7,796,899. New Milestones Foundation had an increase in net position of \$9,107 and Housing First, LLC had no change in net position.
- As of the close of the fiscal year, Integral Care's governmental funds reported combined ending fund balances of \$36,815,680, an increase of \$3,679,782 in comparison with the prior fiscal year.
- At the end of the fiscal year, unassigned (unreserved and undesignated) fund balance for the General Fund was \$22,105,998, 20.77% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Integral Care's basic financial statements. Integral Care's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Integral Care's finances, in a manner similar to a private-sector business.

The *statement of net position* presents all of Integral Care's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Integral Care is improving or deteriorating.

The *statement of activities* presents information showing how Integral Care's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected Medicaid receipts and earned but unused vacation leave).

The government-wide financial statements distinguish functions of Integral Care that are provided from federal, state, and local funding sources (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

- The *governmental activities* of Integral Care include *Adult Behavioral Health Services, Children's Mental Health Services, Developmental Disabilities, Substance Use Disorder, and Early Childhood Intervention*.

- The *business-type activities* of Integral Care include *New Milestones Foundation*, a non-profit organization that raises funds and acquires real property for use by Integral Care and *Housing First, LLC*, a limited liability corporation, of which Integral Care is the sole member, that serves as the developer entity for The Terrace at Oak Springs (Housing First Oak Springs).

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Integral Care, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of Integral Care's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash resources flow into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

It is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Integral Care maintains two individual governmental funds. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Improvement Fund.

Integral Care adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19-23 of this report.

Proprietary Funds – Integral Care maintains two *enterprise funds*, which are a type of proprietary fund. An *enterprise fund* is used to report the same functions as *business-type activities* in the government-wide financial statements. Integral Care uses enterprise funds to account for both New Milestones Foundation and Housing First, LLC.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary Funds – *Fiduciary funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Integral Care's own programs.

The basic fiduciary fund financial statement can be found on page 27 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-48 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning Integral Care that is required by the Health and Human Services Commission, Uniform Guidance, and the State of Texas Single Audit Circular. Required supplementary information can be found on pages 49-58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Integral Care, assets exceeded liabilities by \$73,423,375 at the close of the most recent fiscal year.

Approximately 47.76% of Integral Care's net position reflect its net investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. Integral Care uses these capital assets to provide services to the individuals it serves; consequently, these assets are not available for future spending.

Additionally, a 51.79% portion of Integral Care's net position represents unrestricted financial resources available for future operations.

The remaining 0.45% balance of Integral Care's net position represents resources restricted by the terms of the permanent endowment.

Summary of Net Position

	Government Activities		Business-Type Activities		Total	
	8/31/2020	8/31/2019	8/31/2020	8/31/2019	8/31/2020	8/31/2019
Current assets	\$ 47,724,731	\$ 44,625,864	\$ 950,965	\$ 883,819	\$ 48,675,696	\$45,509,683
Noncurrent assets	40,468,607	26,636,457	4,335,985	4,438,265	44,804,592	31,074,722
Total assets	88,193,338	71,262,321	5,286,950	5,322,084	93,480,288	76,584,405
Current liabilities	8,191,002	8,791,196	240,409	284,650	8,431,411	9,075,846
Noncurrent liabilities	11,625,502	1,891,190	-	-	11,625,502	1,891,190
Total liabilities	19,816,504	10,682,386	240,409	284,650	20,056,913	10,967,036
Net Position						
Net investments in capital assets	31,062,963	26,606,838	4,004,532	4,125,756	35,067,495	30,732,594
Restricted for permanent endowment - nonspendable	-	-	331,453	312,509	331,453	312,509
Unrestricted	37,313,871	33,973,097	710,556	599,169	38,024,427	34,572,266
Total net position	\$ 68,376,834	\$ 60,579,935	\$5,046,541	\$5,037,434	\$ 73,423,375	\$65,617,369

Governmental Activities. Governmental activities increased Integral Care's net position by \$7,796,899. Key elements of the increase are as follows on the next page.

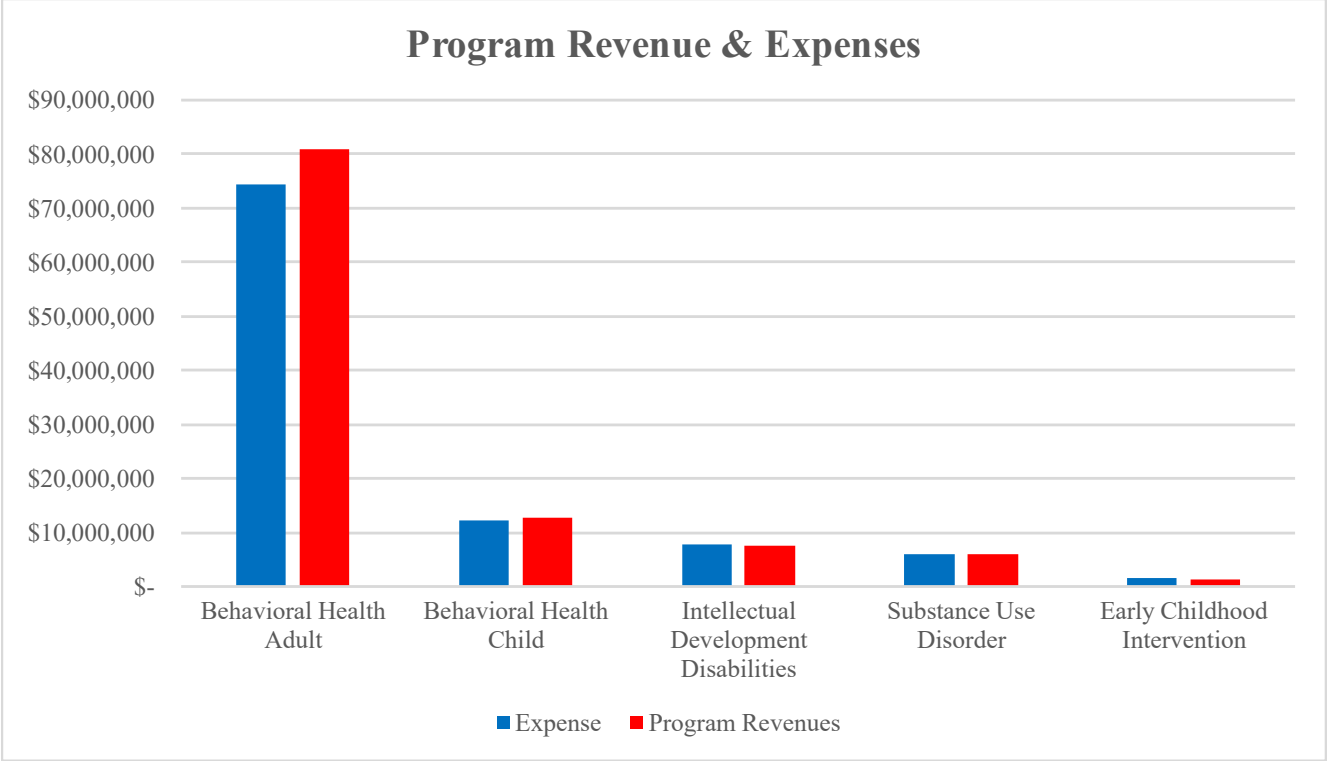
Integral Care
Management's Discussion and Analysis
August 31, 2020

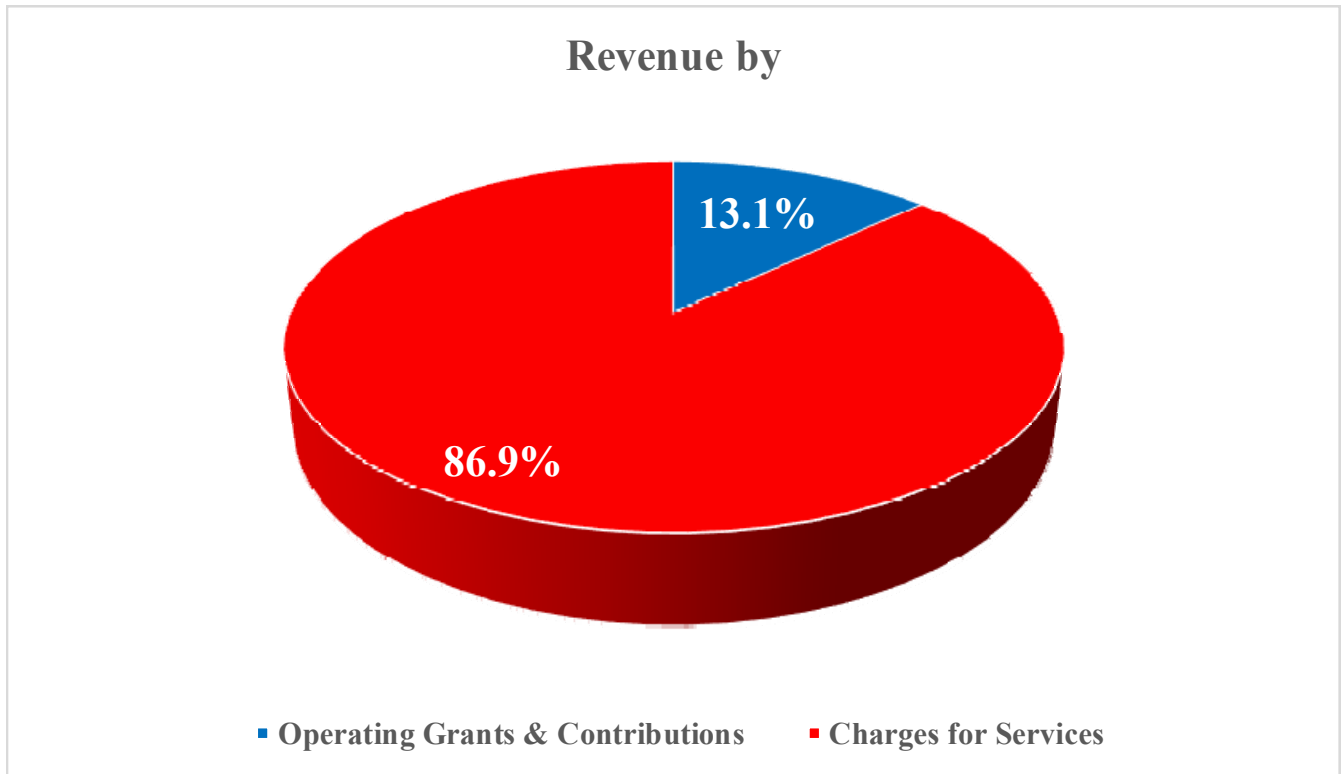
	Government Activities		Business-Type Activities		Total	
	8/31/2020	8/31/2019	8/31/2020	8/31/2019	8/31/2020	8/31/2019
Revenues						
Program revenues						
Charges for services	\$ 14,192,546	\$ 16,264,123	\$ -	\$ -	\$ 14,192,546	\$ 16,264,123
Operating grants and contributions	94,478,383	85,422,438	-	-	94,478,383	85,422,438
General revenues						
Unrestricted interest earnings	228,750	415,411	23,366	9,932	252,116	425,343
Contributions-not program restricted	1,202,504	987,876	-	-	1,202,504	987,876
Other income						
Property revenues	-	-	879,863	861,888	879,863	861,888
Other	-	-	186,820	167,239	186,820	167,239
Total revenues	110,102,183	103,089,848	1,090,049	1,039,059	111,192,232	104,128,907
Expenses						
Behavioral health adult	74,371,808	69,140,450	-	-	74,371,808	69,140,450
Behavioral health child	12,318,156	14,077,105	-	-	12,318,156	14,077,105
Intellectual & developmental disabilities	7,801,011	7,843,303	-	-	7,801,011	7,843,303
Substance Abuse	6,078,242	6,496,009	-	-	6,078,242	6,496,009
Early childhood intervention	1,614,172	1,580,682	-	-	1,614,172	1,580,682
Interest and fees on long-term debt	121,895	43,008	-	-	121,895	43,008
New Milestones Foundation Inc.	-	-	1,080,942	1,094,386	1,080,942	1,094,386
Total expenses	102,305,284	99,180,557	1,080,942	1,094,386	103,386,226	100,274,943
Increase (Decrease) in Net Position	7,796,899	3,909,291	9,107	(55,327)	7,806,006	3,853,964
Net Position, Fiscal Year Beginning	60,579,935	56,670,644	5,037,434	5,092,761	65,617,369	61,763,405
Net Position, Fiscal Year End	\$ 68,376,834	\$ 60,579,935	\$ 5,046,541	\$ 5,037,434	\$ 73,423,375	\$ 65,617,369

BUSINESS-TYPE ACTIVITIES:

Integral Care generated \$1,090,049 in revenue from Integral Care's business-type activities. Total expenses were \$1,080,942. Net position increased by \$9,107 to \$5,046,541.

GOVERNMENTAL ACTIVITIES





FINANCIAL ANALYSIS OF INTEGRAL CARE'S FUNDS

As noted earlier, Integral Care uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds. The focus of Integral Care's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Integral Care's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As Integral Care completed the year, its governmental funds, as presented in the balance sheet on page 19, reported a *combined* fund balance of \$36,815,680, which is an increase of \$3,679,782 from last year's total of \$33,135,898.

The General Fund is the chief operating fund of Integral Care. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$22,105,998 while the total fund balance reached \$36,815,680. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 20.77% of the total General Fund expenditures.

Integral Care continued participation in the Patient Assistance Program with a dispense value of \$2,193,909 of medications dispensed.

Proprietary Funds. Integral Care's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The New Milestones Foundation had a \$9,107 increase in net position in fiscal year 2020, compared to a decrease of \$55,327 in 2019. Housing First, LLC had no change in net position in fiscal year 2020 or fiscal year 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budgeted revenue plus net changes in fund balances was equal to \$106,636,012. Over the course of the year, the budgeted revenue plus net changes in fund balance changed to \$114,238,734. This increase in budget of \$7,602,722 can be summarized as follows:

Major Budget Amendments:

Fund Balance Reserve	\$ 3,422,711
City of Austin Expanded Mobile Crisis Outreach Team (EMCOT)	602,007
US HHS Stimulus COVID-19	576,060
Del Valle ISD QMHP (VOCA)	483,419
Early Childhood Intervention	365,302
DADS Transition Support Teams	353,532
HHSC MH Community Health Workers	348,000
HHSC Lifeline State Expansion	248,615
HHSC In Patient Private Psychiatric Beds	245,439
HHSC COVID-19 CCP-ISP	226,217
Travis County HHHS Integrated Funds	199,320
All Other	532,100
	\$ 7,602,722
Total 2020 Revenue Budget Amendments	\$ 7,602,722

The volume of budget amendments demonstrates the ongoing effort to identify funding for particular initiatives that address unmet needs within the community. In addition, it demonstrates the increased reliance on grant funding, which, as new legislation regarding lower limits on the percentage increase in local taxes without voter approval take effect, has the potential to limit the availability of these resources in the future.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Integral Care's investment in capital assets for its governmental and business- type activities as of August 31, 2020, amounts to \$44,473,139 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, and equipment.

Capital Assets (Net of Accumulated Depreciation)

	Government Activities		Business-Type Activities		Total	
	8/31/2020	8/31/2019	8/31/2020	8/31/2019	8/31/2020	8/31/2019
Land, buildings and construction in progress	\$ 51,025,578	\$ 39,795,448	\$ 6,691,797	\$ 6,691,797	\$ 57,717,375	\$ 46,487,245
Furniture and equipment	9,121,696	4,477,490	112,195	66,375	9,233,891	4,543,865
Vehicles	1,042,582	933,359	-	-	1,042,582	933,359
Less accumulated depreciation	(20,721,249)	(18,569,840)	(2,799,460)	(2,632,416)	(23,520,709)	(21,202,256)
	<u>\$ 40,468,607</u>	<u>\$ 26,636,457</u>	<u>\$ 4,004,532</u>	<u>\$ 4,125,756</u>	<u>\$ 44,473,139</u>	<u>\$ 30,762,213</u>

Additional information regarding Integral Care's capital assets can be found at Note 12 titled "Capital Assets" on pages 41-42 of this report.

Long-term debt. The Center has a liability of \$9,405,644 for the loan with Frost Bank, received in April 2020.

Additional information on the Center's long-term obligations can be found in Note 13 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Integral Care's current fiscal year 2021 amended budget of \$112,852,508 (November 2020) is a total decrease of \$1,386,226, from the final fiscal year 2020 budget of \$114,238,734.

Major Budget Changes include the following:

Frost Bank Renovation Loan Founder's Building	\$ 4,594,356
1115 Waiver Fund Balance Reserve	2,841,404
SAMHSA AOT	1,000,000
City of Austin COVID Prolodges & ISOFAC	688,749
OPTUM Alternative Performance Payment	580,082
US HHS Stimulus COVID-19	(576,060)
Early Childhood Intervention	(989,591)
1115 Transformation Waiver	(1,040,884)
HHSC MH Healthy Community Collaborative	(1,511,741)
SAMHSA CCBHC	(2,000,000)
CommUnity Care - Healthcare District	(2,166,618)
Fund Balance Reserve	(3,068,334)
All Other Changes	<u>262,411</u>
 Total Fiscal Year 2020 to 2021 Budget Change	 <u><u>\$ (1,386,226)</u></u>

The major budget issues that impact the 2021 budget:

- Integral Care is implementing a Facility Master Plan. As part of the plan, Integral Care has been moving toward purchase and renovation of facilities with the debt-service replacing the ongoing lease payments Integral Care has been incurring. The \$4.5 million in proceeds from the Frost Note reflect the funds toward renovation of one of the facilities. It is anticipated that renovations and moves will be complete near the end of fiscal year 2021.
- Integral Care's fiscal year 2021 will be the completion of 1115 Transformation Waiver demonstration year 9 of the Delivery System Reform Incentive Payment (DSRIP) program. The Centers for Medicare and Medicaid Services (CMS) has authorized an extension of the original 5 year waiver through September 2021 for DSRIP with final payments occurring in July 2022. The State of Texas Health and Human Services Commission (HHSC) is currently finalizing proposed transition of DSRIP to directed payment and other methodologies beginning in September 2021. The estimated overall DSRIP valuation for Integral Care for Fiscal Year 2021 will be approximately 93% of fiscal year 2020 valuation and the overall DSRIP valuation for Fiscal Year 2022 will be approximately 69% of Fiscal Year 2020 valuation. As such, the Integral Care Board has authorized utilization of \$4,900,962 of fund balance toward Fiscal Year 2021 and Fiscal Year 2022 in order to minimize the impact on ongoing services. The \$2,841,404 of 1115 Waiver Fund Balance Reserve in the Fiscal Year 2021 budget reflects reporting of DSRIP Medicaid Low-Income or Uninsured metrics for Demonstration Year 9 of the waiver that was received in Fiscal Year 2020 but will be utilized in Fiscal Year 2021.

- On January 15, 2021, the Centers for Medicare & Medicaid Services approved an extension of the 1115 Waiver in Texas through September 30, 2030. A portion of the extension includes an initial \$500,000,000 Public Health Providers Charity Care Pool (PHP-CCP) which includes publicly owned and operated community mental health clinics in participation. The PHP-CCP along with the Directed Payment Program for Behavioral Health Services being proposed by Health and Human Services Commission should provide financial stability through the transition of the 1115 Waiver.
- Integral Care had a number of contract awards which ended near the end of Fiscal Year 2020. These included HHSC Early Childhood Intervention for \$989,591, a SAMHSA Certified Community Behavioral Health Clinic Expansion Grant of \$2,000,000, a contract for provision of behavioral health services at CommUnity Care for \$2,166,618 annually, and the completion of an additional one-time HHSC Healthy Community Collaborative funds during Fiscal Year 2020 of \$1,511,741. In addition, the Fiscal Year 2021 major budget changes reflect a new SAMHSA grant for Assisted Outpatient Treatment for \$1,000,000, and contracts with the City and Austin for work at the COVID Prolonged and Isolation Facilities of \$688,749. Integral Care also entered into a value-based agreement with Optum for a specialty behavioral health home that includes an alternate payment arrangement and shared savings moving forward. The amount of \$580,082 reflected in the budget is estimated care coordination fees for Fiscal Year 2021.
- Integral Care continues to monitor and adjust the budget as new funding sources develop in relation to COVID-19. To date, Integral Care has received \$576,060 in Provider Relief Funds from US Health and Human Services. Integral Care will continue to monitor additional expenses associated with COVID-19 and apply for potential reimbursement through the Federal Emergency Management Agency or other funding sources as appropriate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Integral Care's finances for all those with an interest in Integral Care's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Integral Care, Accounting Services Department, P.O. Box 3548, Austin, TX 78764-3548.

Integral Care
Statement of Net Position
August 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 23,133,401	\$ 931,019	\$ 24,064,420
Accounts receivable	2,107,983	885	2,108,868
Employee receivables, net	276,848	-	276,848
Due from other governments, net	12,099,588	-	12,099,588
Notes receivable	9,083,433	-	9,083,433
Prepaid expenses and other assets	1,023,478	19,061	1,042,539
Total current assets	47,724,731	950,965	48,675,696
Noncurrent Assets			
Restricted assets			
Investment in Austin Community Foundation	-	331,453	331,453
Capital assets, net			
Nondepreciable assets	15,703,775	530,700	16,234,475
Depreciable assets	24,764,832	3,473,832	28,238,664
Total noncurrent assets	40,468,607	4,335,985	44,804,592
Total assets	88,193,338	5,286,950	93,480,288
Liabilities			
Current Liabilities			
Accounts payable	4,670,252	53,370	4,723,622
Accrued expenses and other liabilities	1,639,427	56,068	1,695,495
Internal balances	(126,597)	126,597	-
Unearned revenue	2,007,920	4,374	2,012,294
Total current liabilities	8,191,002	240,409	8,431,411
Noncurrent Liabilities			
Notes payable	9,405,644	-	9,405,644
Accrued compensated absences - due in more than one year	2,219,858	-	2,219,858
Total noncurrent liabilities	11,625,502	-	11,625,502
Total liabilities	19,816,504	240,409	20,056,913
Net Position			
Net investment in capital assets	31,062,963	4,004,532	35,067,495
Restricted for permanent endowment - nonexpendable	-	331,453	331,453
Unrestricted	37,313,871	710,556	38,024,427
Total net position	\$ 68,376,834	\$ 5,046,541	\$ 73,423,375

Integral Care
Statement of Activities
Year Ended August 31, 2020

	Expenses			Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Administration	Expenses After	Charges for	Operating	Governmental	Business Type	Total
		Allocation	Allocation of					
			Administration		Contributions			
Governmental Activities								
Behavioral health - adult	\$ 66,420,845	\$ 7,950,963	\$ 74,371,808	\$ 4,801,591	\$ 76,001,850	\$ 6,431,633	\$ -	\$ 6,431,633
Behavioral health - children	10,994,839	1,323,317	12,318,156	2,526,784	10,160,859	369,487	-	369,487
Intellectual & developmental disabilities	6,972,323	828,688	7,801,011	3,996,781	3,658,509	(145,721)	-	(145,721)
Substance use disorder	5,430,246	647,996	6,078,242	2,391,192	3,665,674	(21,376)	-	(21,376)
Early Childhood Intervention	1,440,254	173,918	1,614,172	476,198	991,491	(146,483)	-	(146,483)
Administration	10,924,882	(10,924,882)	-	-	-	-	-	-
Interest and fees on debt	121,895	-	121,895	-	-	(121,895)	-	(121,895)
Total governmental activities	102,305,284	-	102,305,284	14,192,546	94,478,383	6,365,645	-	6,365,645
Business-Type Activities								
New Milestones Foundation	1,080,942	-	1,080,942	879,863	186,820	-	(14,259)	(14,259)
Housing First, LLC	-	-	-	-	-	-	-	-
Total business-type activities	1,080,942	-	1,080,942	879,863	186,820	-	(14,259)	(14,259)
Total primary government	<u>\$103,386,226</u>	<u>\$ -</u>	<u>\$103,386,226</u>	<u>\$ 15,072,409</u>	<u>\$ 94,665,203</u>	6,365,645	(14,259)	6,351,386
			General Revenues					
			Investment earnings			228,750	23,366	252,116
			Contributions- not program restricted			1,202,504	-	1,202,504
			Total general revenues			1,431,254	23,366	1,454,620
			Change in Net Position			7,796,899	9,107	7,806,006
			Net Position, Beginning			60,579,935	5,037,434	65,617,369
			Net Position, Ending			<u>\$ 68,376,834</u>	<u>\$ 5,046,541</u>	<u>\$73,423,375</u>

Integral Care
Balance Sheet – Governmental Funds
August 31, 2020

	General	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 23,133,401	\$ -	\$ 23,133,401
Accounts receivable	2,107,983	-	2,107,983
Employee receivables, net	276,848	-	276,848
Due from other governments, net	12,099,588	-	12,099,588
Due from other funds	126,597	-	126,597
Note receivable	6,365,384	-	6,365,384
Prepaid items	1,023,478	-	1,023,478
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 45,133,279</u>	<u>\$ -</u>	<u>\$ 45,133,279</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 4,670,252	\$ -	\$ 4,670,252
Accrued expenditures and other liabilities	1,639,427	-	1,639,427
Unearned revenues	2,007,920	-	2,007,920
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>8,317,599</u>	<u>-</u>	<u>8,317,599</u>
Fund Balances			
Nonspendable	7,388,862	-	7,388,862
Committed	5,100,962	-	5,100,962
Assigned	2,219,858	-	2,219,858
Unassigned	22,105,998	-	22,105,998
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>36,815,680</u>	<u>-</u>	<u>36,815,680</u>
Total liabilities and fund balances	<u>\$ 45,133,279</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	40,468,607
Long term note receivable not reported in the funds	2,718,049
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Notes payable	(9,405,644)
Accrued compensated absences	(2,219,858)
	<u> </u>
Net position of governmental activities	<u>\$ 68,376,834</u>

Integral Care

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended August 31, 2020

	General	Capital Projects Fund	Total Governmental Funds
Revenues			
Local and earned revenues	\$ 37,112,304	\$ -	\$ 37,112,304
State programs	35,780,392	-	35,780,392
Federal programs	36,980,737	-	36,980,737
Investment earnings	228,750	-	228,750
Total revenues	110,102,183	-	110,102,183
Expenditures			
Current			
Behavioral health - adult	64,563,204	-	64,563,204
Behavioral health - child and adolescents	10,751,439	-	10,751,439
Intellectual and developmental disabilities	6,732,773	-	6,732,773
Substance use disorder	5,264,716	-	5,264,716
Early childhood intervention	1,413,015	-	1,413,015
Administration	10,386,636	-	10,386,636
Debt service		-	
Principal	2,244	-	2,244
Interest	121,895	-	121,895
Capital outlay	7,186,479	9,405,644	16,592,123
Total expenditures	106,422,401	9,405,644	115,828,045
Excess (Deficiency) of Revenues over Expenditures	3,679,782	(9,405,644)	(5,725,862)
Other Financing Sources (Uses)			
Proceeds from Frost Bank loan	-	9,405,644	9,405,644
Total other financing sources (uses)	-	9,405,644	9,405,644
Net Change in Fund Balances	3,679,782	-	3,679,782
Fund Balances, September 1, 2019	33,135,898	-	33,135,898
Fund Balances, August 31, 2020	\$ 36,815,680	\$ -	\$ 36,815,680

Integral Care

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended August 31, 2020

Net change in fund balance - total governmental funds \$ 3,679,782

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	16,592,123
Depreciation expense	(2,621,909)

Loss on disposition of assets are reported on the statement of activities but not in the governmental funds. (138,064)

Long-term liabilities for notes payable and compensated absences are accrued in the Statement of Net Position but they are not due and payable out of current resources and therefore are not reported as liabilities in the governmental fund balance sheet.

Notes payable	(9,405,644)
Change in accrued compensated absences	(339,008)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Capital lease principal payments	29,619
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Change in net position of governmental activities	\$ 7,796,899
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Integral Care

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended August 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Local and Earned Revenues				
City funds	\$ 6,866,945	\$ 7,638,952	\$ 6,324,017	\$ (1,314,935)
County funds	6,669,944	6,863,892	5,961,615	(902,277)
Other taxing authority funds	10,589,018	10,589,018	10,562,916	(26,102)
Earned income	11,421,751	10,699,032	8,744,901	(1,954,131)
Rental income	662,859	662,859	685,258	22,399
Miscellaneous income & contributions	2,529,441	6,815,728	4,833,597	(1,982,131)
Total local revenues	<u>38,739,958</u>	<u>43,269,481</u>	<u>37,112,304</u>	<u>(6,157,177)</u>
State Program Revenues				
HHSC - Mental Health	30,242,932	30,942,670	29,809,609	(1,133,061)
HHSC - substance use disorder	411,080	398,065	329,102	(68,963)
HHSC - IDD	3,539,934	3,526,535	3,296,284	(230,251)
HHSC - early childhood intervention	340,606	538,226	537,245	(981)
TCOOMMI	1,972,098	1,957,311	1,655,386	(301,925)
Other state programs	225,079	285,614	152,766	(132,848)
Total state program revenues	<u>36,731,729</u>	<u>37,648,421</u>	<u>35,780,392</u>	<u>(1,868,029)</u>
Federal Program Revenues				
HHSC - Mental Health	3,821,925	4,772,807	3,956,113	(816,694)
HHSC - substance use disorder	1,622,401	1,654,241	1,744,194	89,953
HHSC - IDD	229,119	653,053	211,396	(441,657)
Ryan White	379,376	379,376	329,197	(50,179)
CDBG - YAFAC	203,700	186,507	175,120	(11,387)
HUD Supported Housing	417,192	417,192	389,604	(27,588)
SAMHSA MHAT	125,000	168,233	135,360	(32,873)
SAMHSA CCBHC	2,000,000	2,000,000	1,785,904	(214,096)
SAMHSA CHR-P	400,000	400,000	325,084	(74,916)
SAMHSA MAI HIV	70,309	-	-	-
SAMHSA AOT	-	-	13,795	13,795
UTDMS SAMHSA	209,942	209,942	258,958	49,016
Travis County - Parents in Recovery	272,841	323,219	219,858	(103,361)
Veterans Administration Safe Haven	801,006	801,006	647,286	(153,720)
HHSC - early childhood intervention	286,564	454,246	454,246	-
Medicaid Administrative Claiming	2,639,500	2,639,500	3,125,142	485,642
VOCA	-	-	222,644	222,644
City of Austin COVID	-	-	124,364	124,364
HHSC - COVID Provider Relief Funds	-	576,060	576,060	-
1115 Transformation Waiver	17,385,450	17,385,450	22,286,411	4,900,961
Total federal program revenues	<u>30,864,325</u>	<u>33,020,832</u>	<u>36,980,737</u>	<u>3,959,905</u>
Investment Earnings	<u>300,000</u>	<u>300,000</u>	<u>228,750</u>	<u>(71,250)</u>
Total revenues	<u>\$106,636,012</u>	<u>\$114,238,734</u>	<u>\$110,102,183</u>	<u>\$ (4,136,551)</u>

Integral Care

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended August 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
Personnel	\$ 56,085,208	\$ 57,975,679	\$ 53,626,683	\$ 4,348,996
Employee benefits	13,238,256	13,670,148	12,503,307	1,166,841
Training and travel	1,179,378	1,261,869	571,603	690,266
Medication costs	384,367	406,752	595,320	(188,568)
Consumable supplies	319,572	424,665	607,489	(182,824)
Consultation and professional fees	20,789,103	21,780,209	18,314,710	3,465,499
Furniture and equipment	41,634	164,442	479,247	(314,805)
Facilities, telephone, and utilities	6,469,722	6,542,517	7,006,333	(463,816)
Insurance	349,948	356,048	368,466	(12,418)
Transportation	159,829	159,829	206,989	(47,160)
Professional fees	170,550	170,625	237,695	(67,070)
Client support costs	2,352,170	2,562,076	2,127,960	434,116
Other operating costs	2,317,188	2,522,063	2,465,983	56,080
Total current	103,856,925	107,996,922	99,111,783	8,885,139
Debt Service				
Principal	-	-	2,244	(2,244)
Interest	-	-	121,895	(121,895)
Total debt service	-	-	124,139	(124,139)
Capital Outlay	2,779,087	6,241,812	7,186,479	(944,667)
Total expenditures	106,636,012	114,238,734	106,422,401	7,816,333
Net Changes in Fund Balances	-	-	3,679,782	3,679,782
Fund Balances, September 1, 2019	33,135,898	33,135,898	33,135,898	-
Fund Balances, August 31, 2020	\$ 33,135,898	\$ 33,135,898	\$ 36,815,680	\$ 3,679,782

Integral Care
Statement of Net Position – Proprietary Funds
August 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Housing First, LLC</u>	<u>New Milestones Foundation</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 301,524	\$ 629,495	\$ 931,019
Accounts receivables, net	-	885	885
Other assets	-	19,061	19,061
Total current assets	<u>301,524</u>	<u>649,441</u>	<u>950,965</u>
Noncurrent assets			
Restricted assets			
Investment in Austin Community Foundation	-	331,453	331,453
Capital assets, net	-	4,004,532	4,004,532
Total noncurrent assets	<u>-</u>	<u>4,335,985</u>	<u>4,335,985</u>
Total assets	<u>301,524</u>	<u>4,985,426</u>	<u>5,286,950</u>
Liabilities			
Current liabilities			
Accounts payable	-	53,370	53,370
Other liabilities	-	56,068	56,068
Unearned revenues	-	4,374	4,374
Due to other funds	-	126,597	126,597
Total current liabilities	<u>-</u>	<u>240,409</u>	<u>240,409</u>
Total liabilities	<u>-</u>	<u>240,409</u>	<u>240,409</u>
Net Position			
Investment in capital assets	-	4,004,532	4,004,532
Restricted for permanent endowment - nonexpendable	-	331,453	331,453
Unrestricted	301,524	409,032	710,556
Total Net Position	<u>\$ 301,524</u>	<u>\$ 4,745,017</u>	<u>\$ 5,046,541</u>

Integral Care
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended August 31, 2020

	Business-type Activities - Enterprise Funds		
	Housing First, LLC	New Milestones Foundation	Total
Operating Revenues			
Property revenues	\$ -	\$ 879,863	\$ 879,863
Other revenues	-	186,820	186,820
Total operating revenues	-	1,066,683	1,066,683
Operating Expenses			
Property expenses	-	509,034	509,034
Depreciation	-	167,044	167,044
Administrative	-	404,864	404,864
Total operating expenses	-	1,080,942	1,080,942
Operating Income (Loss)	-	(14,259)	(14,259)
Nonoperating Revenues/Expenses			
Investment income	-	23,366	23,366
Total nonoperating revenues/expenses	-	23,366	23,366
Change in Net Position	-	9,107	9,107
Net Position, Beginning of Year	301,524	4,735,910	5,037,434
Net Position, End of Year	<u>\$ 301,524</u>	<u>\$ 4,745,017</u>	<u>\$ 5,046,541</u>

Integral Care
Statement of Cash Flows – Proprietary Funds
Year Ended August 31, 2020

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Housing First, LLC</u>	<u>New Milestones Foundation</u>	<u>Total</u>
Operating Activities			
Cash received from customers	\$ -	\$ 879,484	\$ 879,484
Other receipts	-	186,820	186,820
Cash payments to suppliers for goods and services	-	(940,696)	(940,696)
Net Cash from Operating Activities	-	125,608	125,608
Capital and Related Financing Activities			
Purchase of capital assets	-	(45,820)	(45,820)
Net Cash used for Capital and Related Financing Activities	-	(45,820)	(45,820)
Investing Activities			
Interest on investments	-	23,366	23,366
Change in investment in Austin Community Foundation	-	(18,944)	(18,944)
Net Cash from Investing Activities	-	4,422	4,422
Net Change in Cash and Cash Equivalents	-	84,210	84,210
Cash and Cash Equivalents, Beginning of Year	301,524	545,285	846,809
Cash and Cash Equivalents, End of Year	\$ 301,524	\$ 629,495	\$ 931,019
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ -	\$ (14,259)	\$ (14,259)
Adjustments to reconcile operating loss to net cash from for operating activities			
Noncash items included in net operating loss			
Depreciation	-	167,044	167,044
Change in assets and liabilities			
(Increase) decrease in			
Accounts receivable	-	(379)	(379)
Other assets	-	17,443	17,443
Increase (decrease) in			
Accounts payable	-	(19,143)	(19,143)
Other liabilities	-	704	704
Unearned revenues	-	(23,750)	(23,750)
Due to other funds	-	(2,052)	(2,052)
Net Cash from Operating Activities	\$ -	\$ 125,608	\$ 125,608

Integral Care
Statement of Net Position – Fiduciary Fund
August 31, 2020

	<u>Client Agency Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 23,886</u>
Total assets	<u><u>\$ 23,886</u></u>
Liabilities	
Due to clients	<u>\$ 23,886</u>
Total liabilities	<u><u>\$ 23,886</u></u>

Note 1 - Reporting Entity

Austin Travis County Mental Health Mental Retardation Center dba Integral Care ('Integral Care') is established by the City of Austin and Travis County Central Health, as provided in the Texas Mental Health and Mental Retardation Act of 1965 (HB3). The purpose of this tax-exempt agency is to provide comprehensive behavioral health and intellectual & developmental disabilities services at the community level to citizens in the Austin and Travis County area. Principal funding sources are local, state and federal grants, the majority of which are subject to renewal on an annual basis. Integral Care is governed by a nine-member Board of Trustees (the Board) that has governance responsibilities over activities related to Integral Care. Integral Care is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. The appointed members of the Board have the authority to make decisions, possesses the power to designate management, have the responsibility to significantly influence operations, and maintain primary accountability for fiscal matters.

In evaluating how to define Integral Care for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", as amended. GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majoring of the component unit's board, and either A) the ability for the primary government to impose its will; or B) the possibility the component unit will provide a financial benefit to or impose a financial burden on the primary government. Although legally separate entities, blended component units are in substance, part of the government's operations and are combined with data of Integral Care. The component units discussed in Notes 3, 6, and 7 are included in Integral Care's reporting entity as blended component units because of the significance of their operational and financial relationships with Integral Care.

Note 2 - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenue. Administrative expenses are allocated among Integral Care's programs, excluding interest on long-term debt, based on each program's proportionate share of expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting policies of Integral Care conform to generally accepted accounting principles (GAAP) as applicable to state and local governmental units as promulgated by the GASB.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued employee time and claims and judgments, are recorded only when payment is due.

Grant revenue, patient fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so, have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by Integral Care.

Integral Care reports the following major governmental funds:

The General Fund is Integral Care's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition of capital improvements.

Additionally, Integral Care reports the following fund types:

The Enterprise Funds (proprietary fund types) are used to account for operations that are financed and operated in a manner similar to private business enterprises. Integral Care accounts for the activities of New Milestones Foundation (New Milestones) as a major enterprise fund. New Milestones is a component unit of Integral Care and is blended in this fund. Housing First, LLC is also included as a nonmajor enterprise fund.

The Agency Fund (a fiduciary fund type) includes assets held for clients of Integral Care. The fund is purely custodial (assets equal liabilities) and does not involve the measurement of the results of operations.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is Integral Care's policy to use restricted resources first, then unrestricted resources as needed.

Note 4 - Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

Integral Care's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments in public funds investment pools are reported at amortized cost. Investment in the Austin Community Foundation is reported at net asset value.

Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interim loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans.) All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Employee Receivables

During fiscal year 2016, Integral Care made a payroll system conversion and a payroll change to its pay period from a bi-monthly (current) payroll period to bi-weekly (in-arrears) payroll period. A payroll advance was made available to all employees up to a maximum amount of 68 hours per employee. At August 31, 2020, the employee receivable balance on payroll advances was \$308,825, and the allowance for uncollectible was \$42,380. An additional payroll receivable of \$10,403 is also due from previous employees for health insurance (COBRA).

Due from Other Governments

Patient receivables are uncollateralized noninterest bearing patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient and client receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient and client receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical cash collections, write off and recovery information in determining the estimated bad debt provision. The allowance for uncollectible accounts in the General Fund as of August 31, 2020, is \$461,639.

Grant receivables represent contractual exchange transactions that are recognized as revenue as the services are performed or nonexchange operational grants. Management has not recorded an allowance on grants receivable as amounts are expected to be fully collected within the year.

Revenue

Net Patient and Client Service Revenue

The Center has agreements with third-party payors that provide for payments to the Center at contractually agreed upon rates. Net patient and client service revenue is reported at the estimated net realizable amounts from patients, clients, and third-party payors, and others for services rendered. The Center also entered into payment agreements with Medicare, certain commercial insurance carriers (managed care organizations) and other organizations. The basis for payment under these agreements is mostly based on fee for service arrangements. For uninsured patients, the Center recognizes revenue on the basis of its standard rates for services provided, adjusted for the minimum monthly fee provisions as mandated by the state of Texas. Revenue from Medicaid Waiver programs (such as 1115, Texas Home Living, YES) are recognized when services are rendered. These programs are billed based on state negotiated rates.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Grants

The Center receives grants from private organizations and state and federal agencies. Revenues from grants are recognized when all eligibility requirements, including time requirements, are met.

Other Revenues

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond August 31, 2020 are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are equally offset by nonspendable fund balance in the governmental funds balance sheet, which indicates that it does not constitute available spendable resources even though they are components of total assets.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Integral Care as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Building and improvements	30-40 years
Furniture and equipment	3-20 years
Vehicles	5 years

Source of Funds

Some funds from federal and other state sources represent fees for service reimbursements, as well as project grants. The funds that are specifically for individual patient service reimbursements are reported as local funds under patient fees or insurance reimbursements, identified by source as directed by Texas Health and Human Services Commission (HHSC).

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations, such as compensated absences payable, are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Proceeds from issuance of debt is reported as other financing sources in governmental funds.

Compensated Absences

Integral Care has personnel policies for vacation and holiday time which allow for accumulation of unused time. This can be taken by employees in future periods or paid upon termination. Integral Care accrues its liability for such accumulated unpaid benefits in the government-wide financial statements. Actual compensated absences benefits paid during the year are recorded as expenditures in the general fund.

Risk Management

Integral Care is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omission, injuries to employees, doctor's malpractice, and natural disasters. During fiscal year 2020, Integral Care was covered by insurance for these various risks at a cost it considered to be economically justifiable.

Net Position and Fund Balances

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources and categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets– This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.
- Restricted – This category reflects net position that is subject to constraints either by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This category represents net position of Integral Care not restricted for any project or other purpose. Outstanding liabilities attributable to these assets reduce the balance of this category.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which Integral Care is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

- **Nonspendable fund balance**
The nonspendable fund balance includes amounts that are not in spendable form or are legally or contractually required to be maintained intact. This classification includes prepaid items and long-term note receivable.
- **Restricted fund balance**
The restricted fund balance includes amounts with constraints on their use that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance**
The committed fund balance includes amounts that can only be used for the specific purposes determined by formal action of Integral Care's highest level of decision-making authority, the Board of Trustees. Commitments may be changed only by the Board of Trustees taking the same formal action that originally imposed the constraint.
- **Assigned fund balance**
The assigned fund balance includes amounts that are constrained by Integral Care's intent to be used for specific purposes. The intent can be expressed by either the highest level of decision-making authority or by a body or an official to which the Board of Trustees has delegated the authority.
- **Unassigned fund balance**
The unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes.

When expenditures are incurred for which both restricted and unrestricted fund balance is available, the Center considers restricted funds to have been spent first. Similarly committed funds are considered spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

Tax Exempt Status

The Internal Revenue Service has issued a determination letter dated October 1972, stating that Integral Care qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and accordingly, is exempt from federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Note 5 - Stewardship, Compliance and Accountability

The budget for the general fund is prepared on an accounting basis consistent with generally accepted accounting principles. The statement of revenues, expenditures and changes in fund balances – budget and actual is presented using the same format, terminology and classifications used in the budget document. Integral Care’s annual budget for the general fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Board of Trustees. The budget must have the Board of Trustees approval. Budget amendments of \$100,000 or more must be approved by the Board of Trustees. All annual appropriations lapse at fiscal year-end.

Note 6 - New Milestones Foundation, Inc.

The New Milestones Foundation, Inc. (New Milestones), a non-profit organization, was established in 1981 primarily for the purpose of acquiring real and personal property for use by Integral Care. Two of Integral Care’s Trustees are members of the New Milestones Board of Directors. Although it is legally separate from Integral Care, New Milestones is reported as if it were part of Integral Care because it provides services primarily to Integral Care. New Milestones is accounted for as an enterprise fund in the basic financial statements of Integral Care and has an August 31 fiscal year end. New Milestones uses the accrual basis of accounting. Complete financial statements of New Milestones can be obtained from the administrative offices of Integral Care. New Milestones Foundation, Inc. has filed a dba of Integral Care Foundation. The dba was filed to show the alignment between the purposes of Integral Care and Integral Care Foundation.

Integral Care and New Milestones Transactions

New Milestones receives clerical and administrative assistance from Integral Care at no charge.

NMF Housing I-VII Corporations

A condition of the U.S. Department of Housing and Urban Development (HUD) Section 202 and 811 grants required New Milestones to form affiliated non-profit corporations – NMF Housing I, Inc., NMF Housing II, Inc., NMF Housing III, Inc., NMF Housing IV, Inc., NMF Housing V, Inc., NMF Housing VI, Inc., and NMF Housing VII, Inc. (NMF Housing I-VII corporations). At August 31, 2020, the assets, liabilities and net position of the corporations have been consolidated with New Milestones.

Mortgage Notes Payable

On September 18, 1995, NMF Housing I-VII corporations entered into capital advance program mortgage notes with HUD. The notes bear no interest and repayment is not required so long as the housing remains available for very low-income elderly persons or very low-income persons with disabilities in accordance with Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act of 1990 (Acts). The notes shall be deemed to be paid and discharged beginning June 1, 2036, provided that 1) the housing has remained available for occupancy by eligible families until the maturity date; and 2) the notes have not otherwise become due and payable by reasons of default. If default occurs under the terms of the note, the entire principal and interest shall be due and payable at an interest rate of 7.875%. The debt may not be prepaid prior to the maturity date without the prior written approval of HUD. As of August 31, 2020, New Milestones and its affiliated corporations had capital advances of \$6,570,299 which are deemed reimbursable costs under Section 202 and Section 811 of the Acts. The surplus cash was placed in a separate replacement reserve account in accordance with HUD guidelines.

Capital Assets

Capital assets of New Milestones, less accumulated depreciation, at August 31, 2020 consisted of the following:

Land	\$ 530,700
Building and improvements	6,161,097
Equipment	112,195
	6,803,992
Less accumulated depreciation	(2,799,460)
Capital assets, net	\$ 4,004,532

Depreciation expense for the year ended August 31, 2020, was \$167,044. Capital assets are depreciated over their useful life on a straight-line basis. Useful lives range from 5 to 40 years.

Income Taxes

New Milestones and its affiliated non-profit corporations are qualified as not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, they are exempt from federal income taxation.

Note 7 - Housing First, LLC

Housing First, LLC was organized as a Texas limited liability company and has Integral Care as its sole member. Housing First, LLC has entered into a Development Fee Agreement with Housing First Oak Springs, LP. As Developer, Housing First, LLC will receive \$2 million in Development Fees upon completion of specified conditions as outlined in the Development Fee Agreement of the Amended and Restated Limited Partnership Agreement of Housing First Oak Springs, LP dated December 19, 2017. The first portion of the Development Fees, \$301,524, has been received by Housing First, LLC and is shown within the business-type activities on the financial statements.

Although it is legally separate from Integral Care, Housing First, LLC is reported as if it were part of Integral Care because it provides services primarily to Integral Care. Housing First, LLC is accounted for as an enterprise fund in the basic financial statements of Integral Care and has an August 31 fiscal year end. Housing First, LLC uses the accrual basis of accounting.

Note 8 - Housing First Oak Springs, GP, LLC

Housing First Oak Springs, GP, LLC, with Integral Care as its sole member, entered into Housing First Oak Springs, LP as General Partner with a 0.01% interest, along with Limited Partner, NEF Assignment Corporation, with a 99.99% interest in the partnership. The purpose of Housing First Oak Springs, LP is primarily to acquire, construct, own, finance, lease, and operate Housing First Oak Springs (HFOS) in a manner that provides decent, safe and affordable housing for low-income persons and ensures HFOS will be and remain a qualified low income housing project within the meaning of Section 42 of the Code. Integral Care as the sole member of Housing First Oak Springs, GP, LLC made a capital contribution of \$740,000 representing the use of land transferred to the Limited Partnership pursuant to a ground lease in exchange for the 0.01% interest in the limited partnership. The limited partner will make capital contributions totaling \$7,906,525 to the partnership in accordance with terms outlined in the Amended and Restated Limited Partnership agreement. Financing within Housing First Oak Springs, LP includes a construction loan of \$11,500,000 and three subordinate cash flow loans to the limited partnership: City of Austin (Austin Housing Finance Corporation) \$3,888,112; Department of State Health Services (Health and Human Services Commission) \$4,442,438; and sponsor loan (Integral Care) \$4,640,995.

Note 9 - Deposits and Investments

Cash

Custodial Credit Risk – Deposits – Integral Care’s demand and time deposits are required to be fully secured at August 31, 2020 by federal deposit insurance and by pledged securities held by Integral Care’s agent in Integral Care’s name. Such total collateralization and insurance coverage is required by the Rules of the Commissioner of the Texas HHSC and the Board of Trustees of Integral Care.

State statutes and Integral Care’s investment policy require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. Integral Care’s deposits were fully insured or collateralized as required by state statutes as of August 31, 2020.

Investments

Integral Care’s investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). These policies authorize Integral Care to invest in 1) obligations of the United States Government, its agencies and instrumentalities, excluding all mortgage-backed securities; 2) fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas; 3) FDIC insured brokered certificates of deposit purchased from a broker or a bank in Texas; 4) AAA-rated, no-load, SEC registered money market funds, restricted to investments authorized by the Act; 5) AAA- rated, constant-dollar Texas local government investment pools, as defined by the Act; 6) interest bearing accounts of banks doing business in Texas; and 7) general debt obligations of any U.S. state or locality rated AA or higher by at least one nationally recognized rating agency.

At August 31, 2020, Integral Care had the following investments:

	August 31, 2020	Due in less than one year
Investment in Austin Community Foundation	\$ 331,453	\$ 331,453
Texpool	2,343,542	2,343,542

Texpool, a Texas local government investment pool, uses amortized cost to value portfolio assets. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or nation state of emergency that affect the pool’s liquidity.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of an investment. The risk increases the longer the investment is held. At August 31, 2020, Integral Care’s investments mature in less than one year, thereby limiting exposure from rising interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and Integral Care policy limit investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized statistical rating organization. As of August 31, 2020, Integral Care’s investment in TexPool was rated AAAM by Standard & Poor’s, the highest rating a local government investment pool can achieve. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of Integral Care’s investments in a single user. Integral Care’s investment policy does not limit investments in any one issuer, except as limited by the PFIA.

Note 10 - Due from Other Governments

Due from other governments are reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables follows:

Source of Grant	
City of Austin	\$ 1,730,961
Travis County	923,478
Community Care Collaborative (CCC)	2,625,861
HHSC -Behavioral Health & Substance Abuse	2,686,035
HHSC - Intellectual Developmental Disabilities	84,778
HHSC - Medicaid Administrative Claim, TxHmLvlg	1,544,975
Medicaid/Medicare/HMO/State SA	1,515,691
TCOOMMI	374,664
Other Local	739,917
Other State	85,300
Other Federal	249,567
Total due from other governments	<u>12,561,227</u>
Allowance for uncollectible accounts	<u>(461,639)</u>
	<u><u>\$ 12,099,588</u></u>

Note 11 - Notes Receivable

On December 1, 2017, the Center entered into a promissory note receivable agreement with Housing First Oak Springs, LP, in the amount of \$4,442,438. The note does not accrue interest on the outstanding principal balance unless an event of default, as defined by the agreement, occurs and is continuing, in which case interest on the unpaid principal balance will accrue at the rate equal to the lower of 8% per annum, or the highest interest rate per annum allowed by applicable law, until the default is cured. The proceeds of this note were provided by DSHS to the Center as a healthy community collaborative grant by means of the 2014-2015 General Appropriations Act, 5.B.1 83rd Legislature 2013. The Proceeds of this note will be made available to borrower on a draw basis for the payment of budgeted items related to the construction of a 50-unit permanent supportive housing complex and related improvement for chronically homeless individuals. Beginning in calendar year 2020, the note will be repaid in forty annual installments of accrued interest only and in addition to the fortieth annual installment, all outstanding principal and accrued interest will be due and payable on maturity date in 2060. At August 31, 2020, the balance on this note receivable was \$4,442,438.

On December 1, 2017, the Center entered into a promissory note receivable agreement with Housing First Oak Springs, LP, in the amount of \$4,640,995. The note does not accrue interest on the outstanding principal balance unless an event of default, as defined by the agreement, occurs and is continuing, in which case interest on the unpaid principal balance will accrue at the rate equal to the lower of 8% per annum, or the highest interest rate per annum allowed by applicable law, until the default is cured. Beginning in calendar year 2020, the note will be repaid in forty annual installments of accrued interest only and in addition to the fortieth annual installment, all outstanding principal and accrued interest will be due and payable on maturity date in 2060. At August 31, 2020, the balance on this note receivable was \$4,640,995.

\$1,724,389 of the DSHS funds referenced in the first paragraph of Note 11, were expensed by Integral Care toward Housing First Oak Springs in prior fiscal years prior to the closing of Housing First Oak Springs, LP. These funds were reimbursed to Integral Care upon closing and were then advanced to Housing First Oak Springs, LP to fully fund the DSHS note. As these funds were previously reported as expensed to DSHS, the \$1,724,389 of the note payable would be reimbursable to Integral Care. The \$1,724,389 plus the \$4,640,995 note receivable referenced in the second paragraph in Note 11, account for the \$6,365,384 note receivable reported by Integral Care in the general fund.

Note 12 - Capital Assets

A summary of changes in capital assets for governmental activities for the year ended August 31, 2020 is as follows:

	Balance at September 1, 2019	Additions	Retirements/ Transfers	Balance at August 31, 2020
Governmental Activities				
Non-depreciable assets:				
Land	\$ 1,582,517	\$ -	\$ (31,500)	\$ 1,551,017
Construction in progress	2,439,402	16,356,476	(4,643,120)	14,152,758
Total non-depreciable assets	<u>4,021,919</u>	<u>16,356,476</u>	<u>(4,674,620)</u>	<u>15,703,775</u>
Depreciable assets:				
Buildings and improvements	35,773,529	48,857	(500,583)	35,321,803
Furniture and equipment	4,477,490	77,567	4,566,639	9,121,696
Vehicles	933,359	109,223	-	1,042,582
Total depreciable assets	<u>41,184,378</u>	<u>235,647</u>	<u>4,066,056</u>	<u>45,486,081</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,818,026)	(1,319,708)	404,116	(14,733,618)
Furniture and equipment	(3,828,388)	(1,288,739)	66,384	(5,050,743)
Vehicles	(923,426)	(13,462)	-	(936,888)
Total accumulated depreciation	<u>(18,569,840)</u>	<u>(2,621,909)</u>	<u>470,500</u>	<u>(20,721,249)</u>
Governmental activities capital assets, net	<u>\$ 26,636,457</u>	<u>\$ 13,970,214</u>	<u>\$ (138,064)</u>	<u>\$ 40,468,607</u>

Depreciation expense for the year ended August 31, 2020 was charged to the following functions and programs of the government-wide financial statements as follows:

Governmental Activities	
Behavioral health - adult	\$ 1,764,715
Behavioral health - children	231,225
Intellectual and developmental disabilities	227,568
Substance use disorder	157,249
Early childhood intervention	25,877
Authority and general administration	215,275
	<u>2,621,909</u>
Total depreciation expense	<u>\$ 2,621,909</u>

A summary of changes in capital assets for business-type activities is as follows:

	Balance at September 1, 2019	Additions	Retirements/ Transfers	Balance at August 31, 2020
Business-Type Activities				
Non-depreciable assets				
Land	\$ 530,700	\$ -	\$ -	\$ 530,700
Depreciable assets				
Buildings and improvements	6,161,097	-	-	6,161,097
Equipment	66,375	45,820	-	112,195
	6,227,472	45,820	-	6,273,292
Less accumulated depreciation	(2,632,416)	(167,044)	-	(2,799,460)
Total depreciable assets	3,595,056	(121,224)	-	3,473,832
Business-type activities capital assets, net	<u>\$ 4,125,756</u>	<u>\$ (121,224)</u>	<u>\$ -</u>	<u>\$ 4,004,532</u>

Depreciation expense charged to operating expenses in the statement of revenues, expenses and changes in net position for proprietary funds, business-type activities - enterprise fund, for the year ended August 31, 2020 was \$167,044.

Note 13 - Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2020:

	Balance at September 1, 2019	Additions	Retirements	Balance at August 31, 2020	Due Within One Year
Governmental activities					
Capital lease payable	\$ 29,619	\$ -	\$ (29,619)	\$ -	\$ -
Frost Bank loan, fully collateralized by real property. Interest is payable monthly at 3.13%. Loan matures April 2040.	-	9,405,644	-	9,405,644	-
Compensated absences	1,880,850	3,634,241	(3,295,233)	2,219,858	-
Total	<u>\$ 1,910,469</u>	<u>\$ 13,039,885</u>	<u>\$ (3,324,852)</u>	<u>\$ 11,625,502</u>	<u>\$ -</u>

In April 2020, Integral Care obtained a loan from Frost Bank in order to purchase and renovate property at 6397 N IH-35 in Austin, Texas. The total amount of the note was \$14,000,000. At August 31, 2020, the loan had a balance of \$9,405,644, representing the amount funded to date. Principal and interest payments are required through the maturity date April 6, 2040.

In January 2015, Integral Care acquired a vehicle for a total of \$24,609 from Leasing Associates through a capital lease agreement. The lease requires sixty (60) monthly payments of \$579 beginning on February 1, 2015. The lease carries an effective interest rate of 15.5% and as of August 31, 2020, the lease was paid in full. Related amortization expense is included in depreciation expense.

Throughout the years, Integral Care has acquired copiers through capital lease arrangements ranging from \$6,158 to \$38,360. The leases require either forty-eight (48) or sixty (60) monthly payments ranging from \$119 to \$742. The leases carry an effective interest rate of 6.00% and as of August 31, 2020, all leases were paid in full. Related amortization expense for these copiers is included in depreciation expense.

A schedule of future maturities of long-term notes follows:

	Principal	Interest	Total
2021	\$ -	\$ 347,169	\$ 347,169
2022	470,242	438,720	908,962
2023	580,677	420,976	1,001,653
2024	598,260	403,393	1,001,653
2025	618,640	383,014	1,001,654
2026-2030	3,404,199	1,604,069	5,008,268
2031-2035	3,988,983	1,019,284	5,008,267
2036-2040	4,338,999	335,384	4,674,383
Total	\$ 14,000,000	\$ 4,952,009	\$ 18,952,009
Less: funding to be advanced in FY2021	(4,594,356)		
	<u>\$ 9,405,644</u>		

At August 31, 2020, Integral Care is not obligated in any manner for the debt of its component unit, New Milestones.

Note 14 - Leases

Integral Care leases equipment and certain of its facilities under operating leases which expire at various dates through 2024. The following is a schedule by year of future minimum lease payments under noncancelable operating leases with initial or remaining term greater than one year:

2021	\$ 2,214,407
2022	354,558
2023	33,527
2024	21,206
Total	<u>\$ 2,623,698</u>

Total rent expenditures under operating leases, including leases with maturities of less than one year, were \$2,396,910 for the year ended August 31, 2020.

Note 15 - Interfund Receivables and Payables

The following is a summary of interfund receivables and payables:

	Interfund Receivables	Interfund Payables
General fund	\$ 126,597	\$ -
New Milestones Foundation		126,597
Total enterprise fund	<u>\$ 126,597</u>	<u>\$ 126,597</u>

All balances resulted from various timing differences between dates that interfund goods and services are provided and payments between funds are made.

Note 16 - Fund Balances

At August 31, 2020, the fund balance for governmental funds is made up of the following:

	General Fund	Capital Projects Fund	Total
Nonspendable			
Prepaid items	\$ 1,023,478	\$ -	\$ 1,023,478
Notes receivable	6,365,384		6,365,384
Committed			
Budget Contingency	5,100,962	-	5,100,962
Assigned			
Accrued compensated absences	2,219,858	-	2,219,858
Unassigned	22,105,998	-	22,105,998
Total	\$ 36,815,680	\$ -	\$ 36,815,680

The notes receivable of \$6,365,384 represents funds Integral Care advanced to Housing First Oak Springs, LP. Of that amount, \$2,595,356 had been received through donations as of August 31, 2020 and \$1,724,389 had been received from the Department of State Health Services.

Note 17 - Employee Benefit Plan

Integral Care has a benefit plan for its full-time employees under a 401(a) defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months of service. Integral Care has elected to contribute four and one-half percent (4.5%) of the employees' base salary each pay period plus plan administrative costs. The plan allows loans by participants. Participants start to vest in the employers' contribution at the completion of one year of service with 100% vesting occurring after five years. Integral Care's contributions were \$2,101,824 for 2020 which were approximately 3.9% of the covered payroll. Integral Care also sponsors a Section 403(b) salary reduction plan, which is also a defined contribution plan that covers all full-time employees. Employees may contribute the maximum allowed by IRS regulations. Integral Care is not required to match the employee's contribution. Contributions from participating employees totaled \$1,543,339 for the year ended August 31, 2020. In addition, employees contributed an additional \$30,357 to a 457 plan and \$536,655 to a 403 ROTH.

Note 18 - Contingencies

Integral Care has participated in a number of state and federally assisted grant programs, Medicare, and Medicaid programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. Integral Care's management believes that any liability for reimbursement which may arise as the result of these audits is not believed to be material to the financial position of Integral Care. Integral Care is subject to certain penalties in the event that performance targets are not met.

For fiscal years 2015 through 2020, Integral Care funded 80% of workers' compensation premiums up front (assessed by Texas Council Risk Management Fund ('TCRMF') based on the standard contribution for that year). Based on actual claims for those years, TCRMF can later assess up to 110% of that year's standard contribution. Thus, Integral Care has contingencies relating to previous years' workers' compensation claims for plan years that have not been declared closed. Due to low reported losses to date for open plan years, Integral Care has not accrued any estimated liabilities for these contingencies in the accompanying financial statements.

Note 19 - Community Action Network

Effective February 1, 1998, Integral Care entered into an agreement with the Community Action Network (CAN) to act as the CAN's fiscal agent. The CAN is a separate organization that resulted from a contractual arrangement between the City of Austin and Austin Travis County Health and Human Services Department, United Way Capital Area, Greater Austin Chamber of Commerce, Health Partnership 2000, Austin Area Research Organization, Austin Independent School District, Community Justice Council, Austin Metropolitan Ministries, Workforce Development Board and Integral Care. Representatives from these organizations comprise the CAN Resource Council. Under the terms of the contract between Integral Care and the CAN, Integral Care's role entails the following:

The CAN staff members become official employees of Integral Care and are eligible for Integral Care's employee benefits, services, obligations and responsibilities. The CAN employees are paid through Integral Care's payroll using CAN funds. Integral Care has no direct supervisory control or authority over the staff of the CAN. Responsibility for the CAN employees is that of the CAN Resource Council. Integral Care receives all money contributed or paid to CAN and disburses all monies for CAN expenses as directed by the CAN staff and approved by the CAN Executive Director and CAN Executive Committee.

Integral Care provides monthly CAN income and expense reports to support CAN financial reporting requirements. The partners of the organization jointly control and govern the CAN. Each partner retains an ongoing financial responsibility of this organization.

Note 20 - Indigent Care Collaboration

Effective June 29, 2001, Integral Care entered into an agreement with the Indigent Care Collaboration (ICC) to act as the ICC’s fiscal agent. The ICC is a public-private organization of regional health care providers and partners established to improve healthcare services for the uninsured in Hays, Travis and Williamson counties. Representatives from these regional healthcare providers and partners comprise the ICC Council. Under the terms of the contract between Integral Care and the ICC, Integral Care’s role entails the following:

The ICC staff members become official employees of Integral Care and are eligible for Integral Care’s employee benefits, services, obligations and responsibilities. The ICC employees are paid through Integral Care’s payroll using ICC funds. Integral Care has no direct supervisory control or authority over the staff of the ICC. Responsibility for the ICC employees is that of the ICC Council.

Integral Care receives all money contributed or paid to ICC and disburses all monies for ICC expenses as directed by the ICC staff and approved by the ICC Executive Director and ICC Executive Committee. Integral Care provides monthly ICC income and expense reports to support ICC financial reporting requirements. The partners of the organization jointly control and govern the ICC. Each partner retains an ongoing financial responsibility of this organization.

Note 21 - Economic Dependence

The Center receives a substantial portion of its revenues in the form of annual performance contracts with HHSC to provide behavioral health and/or IDD services to its service area. The Center is economically dependent on the continuation of these contracts. At August 31, 2020, these contracts have been continued through August 31, 2021.

The following table shows the Center’s concentration of revenues greater than 10% of total revenue in the General Fund:

	Amount	Percent
HHSC - Mental Health	\$ 33,765,722	30.7%
1115 Transformation Waiver	22,286,411	20.2%

Note 22 - Austin Housing Finance Corporation

Effective March 10, 2010, Integral Care entered into a loan agreement with Austin Housing Finance Corporation in the amount of \$1,752,175 in order to renovate a former short-stay hotel facility to serve as a 24-unit/bed transitional housing facility for low-income individuals. The note matures on January 31, 2030 with principal and interest at 0%, due at that time. However, according to the loan agreement, provided Integral Care does not violate any of the terms and conditions of that certain RHDA Affordable Housing General Obligation Bonds Loan agreement, unpaid principal and accrued unpaid interest will be forgiven.

Note 23 - Healthcare Transformation and Quality Improvement Program 1115 Demonstration Waiver ('1115 Waiver')

In December 2011, the Centers for Medicare and Medicaid Services (CMS) approved the Texas Health and Human Services Commission (HHSC) Healthcare Transformation and Quality Improvement Program 1115 demonstration waiver (the '1115 wavier'). As it pertains to Community Centers like Integral Care, this 1115 waiver aims to:

- Transform the healthcare delivery system for low income Texans, and
- Increase access to quality behavioral health services as a recognized means to improve both individual and system level outcomes.

The 1115 waiver will be in effect until September 30, 2022. The 1115 waiver is intended to reimburse providers in the State of Texas that undertake and complete projects that accomplish the goals of the 1115 waiver. Integral Care (as a Community Center and a public Medicaid provider) has been designated as a performing provider of the 1115 waiver and has been granted the ability to transfer locally managed state and local dollars to draw down federal funding for projects of the 1115 waiver through intergovernmental transfers (IGT). Integral Care will be cooperating and collaborating with other community partners to carry out the 1115 waiver projects by increasing access to behavioral health services through the 1115 waiver's key component entitled the Delivery System Incentive Reform Payment (DSRIP) pool. The DSRIP portion of the 1115 Waiver, the portion in which Integral Care participates, will have funding through September 30, 2021. Beginning October 1, 2017, the DSRIP measures are moving to provider based measures for achievement of payment and will no longer be based on specific projects.

Fiscal year 2020 was the 1115 transformation waiver demonstration year 9. During fiscal year 2020, Integral Care recognized and earned \$22,286,411 in revenues from this program.

On January 15, 2021, the Centers for Medicare and Medicaid Services approved an extension of the 1115 Wavier in Texas through September 30, 2030. A portion of the extension includes an initial \$500,000,000 Public Health Providers Charity Care Pool (PHP-CCP) which includes publicly owned and operated community mental health clinics in participation. The PHP-CCP, along with the Directed Payment Program for Behavioral Health Services being proposed by Health and Human Services Commission, give a path to provide financial stability through the transition of the 1115 Waiver.

Note 24 - Coronavirus Pandemic

During the year ended August 31, 2020, the Center has been impacted by the effects of the world-wide coronavirus pandemic. The Center continues to closely monitor its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Center's financial position is not known.



Statistical Section (Unaudited)
August 31, 2020

Integral Care

Integral Care
Schedule of Revenues and Expenditures by Source of Funds – General Fund
(Unaudited)
Year Ended August 31, 2020

Fund Source	Total Revenues	Total Behavioral Health Adult Expenditures	Total Behavioral Health Children Expenditures	Total Crisis Services Expenditures	Total Intellectual & Developmental Disabilities Expenditures	Total Other Expenditures	Total Center Expenditures	Excess Revenues Over Expenditures
Objects of Expense								
Personnel	\$ 53,965,691	\$ 19,847,513	\$ 6,697,382	\$ 8,793,504	\$ 5,071,741	\$ 13,555,551	\$ 53,965,691	\$ -
Employee benefits	12,503,307	4,465,176	1,523,692	1,873,781	1,195,315	3,445,343	12,503,307	-
Professional and consultant services	18,314,710	1,778,586	652,333	12,460,949	411,235	3,011,607	18,314,710	-
Training and travel	571,603	203,465	71,926	72,327	67,857	156,028	571,603	-
Debt service	124,139	10,570	2,703	6,034	1,950	102,882	124,139	-
Capital outlay	7,186,479	170,937	18,265	27,247	1,969	6,968,061	7,186,479	-
Non-capitalized equipment	479,247	149,840	56,034	75,665	65,064	132,644	479,247	-
Pharmaceutical expense	595,320	488,016	60	13,539	195	93,510	595,320	-
Pharmaceutical expense (PAP only)	2,193,909	2,193,909	-	-	-	-	2,193,909	-
Other operating expense	13,020,913	4,997,551	1,363,797	1,985,757	675,516	3,998,292	13,020,913	-
Total expenditures	<u>\$ 108,955,318</u>	<u>\$ 34,305,563</u>	<u>\$ 10,386,192</u>	<u>\$ 25,308,803</u>	<u>\$ 7,490,842</u>	<u>\$ 31,463,918</u>	<u>\$ 108,955,318</u>	<u>\$ -</u>
Method of Finance								
General revenue - behavioral health	\$ 14,896,438	\$ 10,260,624	\$ 2,382,875	\$ 2,252,939	\$ -	\$ -	\$ 14,896,438	\$ -
General revenue - IDD	3,062,476	-	-	-	3,062,476	-	3,062,476	-
Mental Health Block Grant	1,720,201	1,305,842	414,359	-	-	-	1,720,201	-
CLOIP	233,807	-	-	-	233,807	-	233,807	-
Title XX - TANF	159,113	92,347	66,766	-	-	-	159,113	-
Title XX - Social Services Block Grant	509,998	49,433	460,565	-	-	-	509,998	-
Other federal - DADS	211,396	-	-	-	211,396	-	211,396	-
Other general revenue	9,369,430	6,514,461	858,956	1,889,710	-	106,303	9,369,430	-
Crisis services - mental health	6,371,017	-	-	6,371,017	-	-	6,371,017	-
Other state funds	5,612,466	155,097	-	-	17,775	5,439,594	5,612,466	-
Earned income	33,631,324	8,500,726	2,270,072	3,485,085	3,214,923	12,819,744	30,290,550	3,340,774
Required local match	3,442,244	2,242,108	-	854,973	345,163	-	3,442,244	-
Additional local match	33,076,182	5,184,925	3,932,599	10,455,079	405,302	13,098,277	33,076,182	-
Total expended sources	<u>\$ 112,296,092</u>	<u>\$ 34,305,563</u>	<u>\$ 10,386,192</u>	<u>\$ 25,308,803</u>	<u>\$ 7,490,842</u>	<u>\$ 31,463,918</u>	<u>\$ 108,955,318</u>	<u>\$ 3,340,774</u>

Integral Care
Reconciliation of Total Revenues and Expenditures to Fourth Quarter Financial Report
(Unaudited)
Year Ended August 31, 2020

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
Local Revenues				
City funds	\$ 6,324,017	\$ -	\$ -	\$ 6,324,017
County funds	5,961,615	-	-	5,961,615
Other taxing authority funds	10,562,916	-	-	10,562,916
Earned income	8,744,901	-	-	8,744,901
Rental income	685,258	-	-	685,258
Miscellaneous income & contributions	4,833,597	-	-	4,833,597
Patient Assistance Programs	2,193,909	-	(2,193,909) (a)	-
Total local revenue	<u>39,306,213</u>	<u>-</u>	<u>(2,193,909)</u>	<u>37,112,304</u>
State Program Revenues				
HHSC - Mental Health	29,809,609	-	-	29,809,609
HHSC - substance use disorder	329,102	-	-	329,102
HHSC - IDD	3,296,284	-	-	3,296,284
TCOOMMI	537,245	-	-	537,245
HHSC - early childhood intervention	1,655,386	-	-	1,655,386
Other state programs	152,766	-	-	152,766
Total state program revenues	<u>35,780,392</u>	<u>-</u>	<u>-</u>	<u>35,780,392</u>
Federal Program Revenues				
HHSC - Mental Health	3,956,113	-	-	3,956,113
HHSC - substance use disorder	1,744,194	-	-	1,744,194
HHSC - IDD	211,396	-	-	211,396
Ryan White	329,197	-	-	329,197
CDBG - YAFAC	175,120	-	-	175,120
HUD - supported housing	389,604	-	-	389,604
SAMHSA MHAT	135,360	-	-	135,360
SAMHSA CCBHC	1,785,904	-	-	1,785,904
SAMHSA CHR-P	325,084	-	-	325,084
UTDMS SAMHSA	258,958	-	-	258,958
Travis County - Parents in Recovery	219,858	-	-	219,858
VA - SafeHaven Grant	647,286	-	-	647,286
HHSC - early childhood intervention	454,246	-	-	454,246
Medicaid Administrative Claiming	3,125,142	-	-	3,125,142
VOCA	222,644	-	-	222,644
City of Austin COVID	124,364	-	-	124,364
SAMHSA AOT	13,795	-	-	13,795
HHSC - COVID Provider Relief Funds	576,060	-	-	576,060
1115 Transformation Waiver	22,286,411	-	-	22,286,411
Total federal program revenues	<u>36,980,737</u>	<u>-</u>	<u>-</u>	<u>36,980,737</u>
Investment Earnings	228,750			228,750
Total revenues	<u>\$ 112,296,092</u>	<u>\$ -</u>	<u>\$ (2,193,909)</u>	<u>\$110,102,183</u>

Integral Care
Reconciliation of Total Revenues and Expenditures to Fourth Quarter Financial Report
(Unaudited)
Year Ended August 31, 2020

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 53,965,691	\$ -	\$ (339,008) (b)	\$ 53,626,683
Employee benefits	12,503,307	-	-	12,503,307
Professional and consultant service	18,314,710	-	-	18,314,710
Training and travel	571,603	-	-	571,603
Debt service	124,139	-	-	124,139
Capital outlay	7,186,479	-	-	7,186,479
Non-capitalized equipment	479,247	-	-	479,247
Pharmaceutical expense	595,320	-	-	595,320
Pharmaceutical expense (PAP only)	2,193,909	-	(2,193,909) (a)	-
Other operating expense	13,020,913	-	-	13,020,913
	<u>\$ 108,955,318</u>	<u>\$ -</u>	<u>\$ (2,532,917)</u>	<u>\$ 106,422,401</u>

(a) Free medicine used

(b) Change in compensated absences - used only in government-wide financial statements

Integral Care
Schedule of Indirect Costs
(Unaudited)
Year Ended August 31, 2020

	Total Costs	Nonallowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	\$ 53,965,691	\$ -	\$ -	\$ 53,965,691	\$ 47,111,090	\$ 6,854,601
Employee benefits	12,503,307	-	-	12,503,307	11,055,064	1,448,243
Capital outlay	7,186,479	7,186,479	-	-	-	-
Depreciation	-	-	2,621,909	2,621,909	2,406,183	215,726
Other operating expenses	33,105,932	704,100	-	32,401,832	29,922,514	2,479,318
 Total expenditures	 <u>\$ 106,761,409</u>	 <u>\$ 7,890,579</u>	 <u>\$ 2,621,909</u>	 <u>\$ 101,492,739</u>	 <u>\$ 90,494,851</u>	 <u>\$ 10,997,888</u>
 Indirect cost						 10,997,888
Direct costs						 <u>90,494,851</u>
 Indirect cost rate						 <u>12.15%</u>

Integral Care
Schedule of Insurance in Force
(Unaudited)
Year Ended August 31, 2020

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Management Fund	9/1/19- 9/1/2020	Workers Compensation	Statutory
	9/1/19- 9/1/2020	General Liability	\$1,000,000 Combined Single Limit \$1,000 Deductible
	9/1/19- 9/1/2020	Errors & Omission	\$1,000,000 Per Claim \$3,000,000 Annual Aggregate \$25,000 Deductible
	9/1/19- 9/1/2020	Professional Liability	\$1,000,000 Per Claim \$3,000,000 Annual Aggregate \$10,000 Deductible
	9/1/19- 9/1/2020	Automobile Liability	\$1,000,000 Combined Single Limit
		Liability	Various
		Physical Damage	
		Uninsured/Underinsured	\$100k/\$300k Limits
	9/1/19- 9/1/2020	Excess Liability	\$1,000,000 Combined Single Limit \$1,000,000 Aggregate
		Buildings	\$28,350,001
		Contents	\$6,481,028
		Boiler & Machinery Equipment	\$100,744
		EDP Equipment	\$6,837,685
		Personal Effects	\$10,000
		Vacant Buildings	\$499,855
		Property - Off Premises	\$10,000
		Valuable Papers	\$250,000
		EDP - Media/Software	\$250,000
		Loss of Revenue/Business	\$1,000,000
		Extra Expense	\$1,000,000
		Loss of Rents/Rental Income	\$500,000
		Accounts Receivable	\$50,000
		Flood - Other than Zones A/V	\$10,000,000
		Newly Acquired Locations	\$1,500,000
		Prop in the Course of Const.	\$1,000,000
		Expediting Expenses	\$100,000
		Property in Transit	\$500,000
		Increased Cost of Construction	\$1,000,000
		Demolition Cost	\$500,000
		Debris Removal	\$500,000
		Hazardous Materials Cleanup	\$10,000
		Off-Premises Service Interr.	\$1,000,000
		Miscellaneous Locations	\$500,000
		Contingent Business Interr.	\$50,000

Integral Care
Schedule of Insurance in Force
(Unaudited)
Year Ended August 31, 2020

Insurer	Policy Period	Coverage	Limits or Amounts	
American Bankers Insurance Company of Florida	2/18/19-2/18/20	Flood - Tahoe Trail-Building		
		1st Floor	\$250,000	
		Contents	\$19,800	
			Deductible	\$1,250
	10/1/19-10/1/20	Flood - Jones House Building		
		Contents	\$250,000	
		Deductible	\$100,000	
	11/28/19-11/28/20	Flood - 403 E 15th St		
		Contents	\$500,000	
Deductible		\$141,800		
		Deductible	\$2,000	

Integral Care
Schedule of Leases in Effect
(Unaudited)
Year Ended August 31, 2020

Lessor	Location	Period Covered	Amount (\$ per month)
Property Leases			
Collier Properties LLC	1700 S. Lamar, Bldg. 1	12/1/2012 6/30/2021	\$ 26,392
	1701 S. Lamar, Suite 230	7/1/2013 6/30/2021	\$ 5,203
	1701 S. Lamar, Suite 240	7/1/2016 6/30/2021	\$ 6,885
	1701 S. Lamar, Suite 322	7/1/2016 6/30/2021	\$ 4,673
Texas RioGrande Legal Aid, Inc.	4920 North IH-35 Austin, TX	6/22/2012 9/30/2021	\$ 9,452
Sigland Properties II, Ltd	825 E. Rundberg Lane - Base Rent	2/1/2015 7/31/2022	\$ 27,515
Oldwood Riverside Place, LP	2410 E. Riverside, Suite G3	2/1/2015 1/31/2022	\$ 13,009
Boyd Austin I GSA LL	5015 South IH-35	12/15/2013 6/14/2021	\$ 44,027
Vehicle Leases			
Leasing Associates	2015 Chevrolet 2500 Express Van	1/1/2015 12/31/2019	\$ 579
Copiers and Printers			
Various	Various	Various	\$ 10,255
Other Rental Payments			
Iron Mountain		Month to Month	\$ 2,037
Safe Site, Inc.		Month to Month	\$ 1,710

Integral Care
Schedule of Bond Coverage
(Unaudited)
Year Ended August 31, 2020

Surety Company	Scope of Coverage	Limit	Deductible
Travelers 8/31/19 - 8/31/22	Employee Theft	\$ 5,000,000	\$ 25,000
	ERISA Fidelity	500,000	None
	Employee Theft of Client Property	100,000	5,000
	Forgery or Alteration	100,000	2,500
	On Premises	10,000	2,500
	In Transit	10,000	2,500
	Money Orders and Counterfeit Paper	10,000	2,500
	Computer Frauds and Funds Transfer	1,000,000	10,000
	Computer Program & Electronic Data Restoration	100,000	5,000
	Funds Transfer Fraud	1,000,000	10,000
	Personal Accounts Protection	25,000	1,000
	Claim Expense	5,000	-
	Chubb 01/16/2019 - 01/16/2020	Computer Privacy & Network Security Liability	2,000,000
Regulatory Proceedings		500,000	50,000
Electronic, Social and Printed Media Liability		1,000,000	50,000
Network Extortion		2,000,000	50,000

Integral Care
 Schedule of Professional and Consulting Fees and Contracted Provider Services
 (Unaudited)
 Year Ended August 31, 2020

Name	Type of Service	Amount
TWG INVESTMENTS LTD	Crises Residential Center Staffing	\$ 2,262,179
LOCUMTENENS.COM	Psychiatric Services	223,656
WESTWAYS STAFFING SERVICES INC	Counselors/Nurse Staffing	208,130
CARMAHEALTH PLLC	Psychiatric Services	167,065
DUKE C GARWOOD ARCHITECTS INC	Architect & Engineering Fees	88,204
EIDE BAILLY LLP	Accounting Services	84,000
STG DESIGN INC	Architect & Engineering Fees	48,376
JSA HEALTH CORPORATION	Psychiatric Services	46,998
MAXWELL LOCKE & RITTER LLP	Accounting Services	46,000
MEDICAL STAFFING NETWORK INC	Pharmacy Staffing	42,487
MOCA SYSTEMS	Architect & Engineering Fees	22,302
MATADOR PROJECT SOLUTIONS	Architect & Engineering Fees	19,353
OWN YOUR HAPPINESS	Psychosocial Therapy	18,605
LANDRUM COUNSELING AND CONSULTING PLLC	Therapy Services	15,103
HARRISON PSYCHOLOGICAL SERVICES PLLC	Psychological Services	11,500
ALMA MENA	Bilingual Therapy	11,033
MICHAEL D ROMERO LCSW	Therapy Services	10,921
DENIS TRESHOT FLYNN	Psychiatric Services	7,950
CONNIE HEAPS LPC	Therapy Services	6,855
4WARD LAND SURVEYING LLC	Surveying	6,850
MANOS DE CRISTO INC	Dental Services	6,121
CODA CONSULTING GROUP	Architect & Engineering Fees	5,800
MAYRA ROSALES M.ED LPC	Therapy Services	5,500
ANA MARIA CABEZAS LPC	Therapy Services	4,973
MCFARLANE DENTAL	Dental Services	4,347
REBECCA ROTH PLLC	Therapy Services	4,335
GARY SHAW LCSW	Therapy Services	3,900
DENNIS GOEHRING DDS	Dental Services	3,813
EEA CONSULTING ENGINEERS	Architect & Engineering Fees	3,100
NRC BILINGUAL PSYCHOLOGICAL SERVICES, PLLC	Psychological Services	3,025
BILINGUAL COUNSELORS OF TEXAS	Therapy Services	2,685
KRISTA JORDAN PHD	Therapy Services	2,395
STRUCTURES PE LLP	Architect & Engineering Fees	2,200
CRISTINA PECK LPC LMFTA	Therapy Services	2,040
NICOLAS CARRASCO PHD	Therapy Services	1,920
AMANDA ROBINSON LLC	Licensed Professional Counseling	1,850
AUSTIN TRAUMA THERAPY CENTER	Therapy Services	1,700
AUSTIN FAMILY INSTITUTE	Therapy Services	1,450
COMPLETE THERAPIES LLC	Therapy Services	1,385
TX STATE OPTICAL OF CAPITAL PLAZA	Optical	1,310
KRISTA JORDAN & ASSOCIATES	Therapy Services	1,300
APRIL L PHILLIPS LCSW	Therapy Services	1,100
LISA M LASATER PHD	Psychological Services	1,000

Integral Care
Schedule of Legal Services
(Unaudited)
Year Ended August 31, 2020

Name	City	Type of Service	Amount
Kuperman Orr & Albers PC	Austin	General Legal Counsel	\$ 35,760
Husch Blackwell	Austin	General Legal Counsel	250
Jackson Walker LLP	Austin	General Legal Counsel	8,859
Locke Lord LLP	Austin	General Legal Counsel	17,958
Taylor Olson Adkins Sralla & Elam LLP	Austin	General Legal Counsel	10,028
			<u>\$ 72,855</u>



Federal and State Award Section
August 31, 2020

Integral Care



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Integral Care
Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Integral Care (the Center), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Center’s basic financial statements and have issued our report thereon dated January 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
January 28, 2021



Independent Auditor’s Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular

To the Board of Trustees
Integral Care
Austin, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Integral Care’s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement, State of Texas Single Audit Circular (TSAC) and Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* that could have a direct and material effect on each of the Center’s major federal and state programs for the year ended August 31, 2020. The Center’s major federal and state programs are identified in the summary of auditor’s 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 and state awards applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Center’s major federal and state 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); *State of Texas Single Audit Circular and Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* (Audit Guidelines). Those standards, the Uniform Guidance, TSAC, and the Audit Guidelines 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 or state 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 and state program. However, our audit does not provide a legal determination of the Center’s compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2020.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and TSAC, 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 or state 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 or state 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Abilene, Texas
January 28, 2021

Integral Care
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2020

Program Title	Pass Through Grantor Number	Expenditures	Subrecipient Expenditures
State Awards			
Texas Health and Human Services Commission			
Local Mental Health Authority (LMHA)			
General Revenue - Behavioral Health Adult	HHS000612500001	\$ 10,260,624	\$ -
General Revenue - Behavioral Health Child	HHS000612500001	2,382,875	-
Crisis Redesign	HHS000612500001	2,384,095	-
PESC	HHS000612500001	3,419,892	-
Outpatient Competency Restoration	HHS000612500001	567,030	-
Private Psychiatric Beds	HHS000612500001	2,252,939	-
Veteran Services	HHS000612500001	99,286	96,804
Supportive Housing	HHS000612500001	310,655	-
Non-Physician Mental Health	HHS000612500001	18,528	-
Post Discharge Meds for Civil Commitments	HHS000612500001	752	-
Mental Health First Aid	HHS000017600002	28,500	-
Healthy Community Collaboratives (HCC)	2016-048882-001	4,156,292	512,343
Mental Health Grant for Justice-Involved Individuals (SB292)	HHS000134400011	2,938,028	-
Community Mental Health Grant Program (HB13)	HHS000149700015	931,181	-
PRSP Residency	2015-048734-001	31,098	-
Block Grant Homeless/Path - MH	HHS000231500016	17,160	-
Total LMHA		29,798,935	609,147
Local IDD Authority (LIDDA)			
General Revenue - Intellectual & Developmental Disabilities	HHS000612500001	2,655,100	-
CLOIP	HHS000612500001	233,807	-
Permanency Planning	HHS000612500001	32,149	-
Crisis Intervention Specialists	HHS000612500001	173,041	-
Crisis Respite	HHS000612500001	170,330	-
Nursing Facility PASRR Service Coordination	HHS000612500001	31,856	-
Total LIDDA		3,296,283	-
Interagency Council of Early Childhood - Intervention	HHS000191200034	535,345	-
Interagency Council of Early Childhood - Respite	HHS000191200034	1,900	-
Total ECI		537,245	-
Texas Department of State Health Services (Substance Abuse)			
HIV Early Intervention	2016-048243-003	509	-
HIV Outreach	2016-048178-003	21,183	-
Dual Diagnosis	2016-048319-005	25,779	-
Office Based Treatment	2018-050034-001	2,895	-
Prevention & Treatment of Substance Abuse - Treatment Adult (TRA)	2016-048529-003	278,734	-
Total Texas Department of State Health Services (Substance Abuse)		329,100	-
Cancer Prevention and Research Institute of Texas (CPRIT)			
Passed through The University of Texas MD Anderson Cancer Center			
Taking Texas Tobacco Free	R-18-0043	120,529	-
Taking Texas Tobacco Free	R-20-0072	13,068	-
Total Cancer Prevention and Research Institute of Texas (CPRIT)		133,597	-
Total State Awards		\$ 34,095,160	\$ 609,147

Integral Care
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2020

Program Title	Federal CFDA Number	Pass Through Grantor Number	Expenditures	Subrecipient Expenditures
Federal Awards				
U.S. Department of Health and Human Services				
Passed through the Texas Health and Human Services Commission				
Medicaid Cluster				
Medicaid Administrative Claiming	93.778	529-09-0032-00050A	\$ 3,076,776	\$ -
ECI Medicaid Administrative Claiming	93.778	529-09-0032-00037A	48,365	-
Total CFDA 93.778 Medicaid Cluster			<u>3,125,141</u>	<u>-</u>
Passed through the Texas Department of Aging and Disability Services				
Money Follows the Person - Transition Support Team	93.791	HHS000612500001	145,925	-
Money Follows the Person - Enhanced Community Coordination	93.791	HHS000612500001	77,680	-
Total CFDA 93.791			<u>223,605</u>	<u>-</u>
Passed through the Texas Department of State Health Services (Behavioral Health)				
Block Grant Homeless/PATH	93.150	HHS000231500016	554,837	-
Temporary Assistance for Needy Families (TANF)	93.558 *	HHS000612500001	509,998	-
Social Services Block Grant - Title XX SSBG	93.667	HHS000612500001	159,113	-
Mental Health Block Grant	93.958 (1)	HHS000612500001	1,550,277	-
Mental Health First Aid	93.958 (1)	HHS000017600002	40,358	-
Supportive Housing	93.958 (1)	HHS000612500001	10,176	-
Suicide Regional Expansion	93.958 (1)	HHS000502700001	204,074	-
Lifeline Expansion	93.240	HHS000790600003	34,878	-
Community MH Worker	93.959 (3)	HHS000780300001	167,529	-
Mental Health Block Grant - Consumer Operated Services	93.958 (1)	HHS000612500001	169,924	152,931
MHBG Coordinated Specialty Care	93.958 (1)	2016-049446-001	442,826	-
Passed through the Texas Department of Assistive & Rehabilitative Services				
Temporary Assistance for Needy Families (TANF)	93.558 *	HHS000191200034	51,448	-
Passed through City of Austin				
Coronavirus Aid	93.498	NG170000008	124,364	-
Passed through City of Austin				
Ryan White Title I Funds	93.914	NG170000042	174,313	-
Ryan White Title I Funds	93.914	NG170000042	147,588	-
Ryan White COVID	93.914	NG170000042	5,549	-
Total CFDA 93.914			<u>327,450</u>	<u>-</u>
Passed through the Texas Health and Human Services Commission (Substance Abuse)				
Office Based Treatment	93.788 (2)	2018-050034-001	107,897	-
Block Grant for Prevention and Treatment of Substance Abuse - Treatment Adult	93.959 (3)	2016-048529-003	510,463	-
Block Grant for Prevention and Treatment of Substance Abuse - Treatment Adult	93.788 (2)	2016-048529-003	643,882	-
Block Grant for Prevention and Treatment of Substance Abuse - Dual Diagnosis	93.958 (1)	2016-048319-005	19,230	-
Block Grant for Prevention and Treatment of Substance Abuse - Dual Diagnosis	93.959 (3)	2016-048319-005	18,144	-
Block Grant for Prevention and Treatment of Substance Abuse - HIV Early Intervention	93.959 (3)	2016-048243-003	175,115	-
Block Grant for Prevention and Treatment of Substance Abuse - HIV Outreach	93.788 (2)	2016-048178-003	54,972	-
Block Grant for Prevention and Treatment of Substance Abuse - HIV Outreach	93.959 (3)	2016-048178-003	211,655	-
Block Grant for Prevention and Treatment of Substance Abuse - Specialized Female (TRF)	93.959 (3)	2016-048319-006	2,210	-

Integral Care
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2020

Program Title	Federal CFDA Number	Pass Through Grantor Number	Expenditures	Subrecipient Expenditures
Direct award from Substance Abuse and				
Mental Health Service Administration				
Amplify Care Through CCBHC	93.829	1H79SM081907-01	\$ 1,787,171	\$ -
SAMHSA Assistive Outpatient Treatment	93.997	1H79SM082924-01	13,795	-
Clinical High Risk Psychosis	93.243 (4)	1H79SM081187-01	325,084	-
Mental Health Awareness Training	93.243 (4)	1H79SM081224-01	135,360	-
			<u>2,261,410</u>	<u>-</u>
Passed through Dell Medical School and				
University of Texas at Austin				
SAMHSA A Community-Based Integrative Dual Disorders Treatment Intervention for Individuals Experiencing Homelessness in Austin, TX	93.243 (4)	1H79SM080714-01	258,958	-
Passed through Travis County				
Managed Services Organization				
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse -System of Care	93.243 (4)	4400004025	134,886	-
			<u>84,972</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>12,179,792</u>	<u>152,931</u>
U.S. Department of Homeland Security				
Passed through the Texas Health and Human Services Commission				
COVID-19 Disaster Crisis Counseling Program ISP	97.032	HHS000434500032	123,201	-
U.S. Department of Education - Office of Special Education				
Passed through Texas Department of Assistive & Rehabilitative Services				
Special Education - Grants to States (IDEA, Part B) - Special Education Cluster	84.027	HHS000191200034	35,640	-
Special Education - Grants for Infants and Families with Disabilities (IDEA, Part C)	84.181	HHS000191200034	367,158	-
Total U.S. Department of Education -			<u>402,798</u>	<u>-</u>
U.S. Department of Justice				
Passed through State of Texas Office of the Governor				
VOCA	16.575	3735001	16,763	-
Passed through Del Valle ISD				
Del Valle ISD VOCA	16.575	2019-2020 QMHP MOU	205,884	-
Total U.S. Department of Justice			<u>222,647</u>	<u>-</u>
U.S. Department of Housing and Urban Development Direct Awards				
Continuum of Care Program - HUD Fresh Start	14.267	TX0374L6J031704	127,414	-
Continuum of Care Program - HUD Fresh Start	14.267	TX0374L6J031805	262,190	-
			<u>389,604</u>	<u>-</u>
Passed through City of Austin				
Community Development Block Grant - YAFAC	14.218	NG170000008	175,120	-
Total CDBG - Entitlement Grants Cluster			<u>175,120</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>564,724</u>	<u>-</u>
Total federal awards			<u>\$ 13,493,162</u>	<u>\$ 152,931</u>
Total state and federal awards			<u>\$ 47,588,322</u>	<u>\$ 762,078</u>
(1) Total for CFDA 93.958	\$ 2,436,865			
(2) Total for CFDA 93.788	806,751			
(3) Total for CFDA 93.959	1,085,116			
(4) Total for CFDA 93.243	939,260			

Note 1 - Reporting Entity

The accompanying Schedule of Expenditures of State and Federal Awards presents the activity of all applicable state and federal awards of Integral Care. Integral Care's reporting entity is defined in Note 1 to the basic financial statements. State and federal awards received directly from state and federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

The information in the Schedule of Expenditures of State and Federal Awards 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 of Expenditures of State and Federal Awards 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 financial position, or cash flows of the Center.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of State and Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 3 of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or State of Texas *Uniform Grant Management Standards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State and federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

Note 3 - State Award Guidelines

State awards are subject to the Texas Health and Human Services Commission's (HHSC) *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Such guidelines are consistent with those required under Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State of Texas *Uniform Grant Management Standards*, and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Note 4 - Relationship to Basic Financial Statements

Certain state and federal awards have been excluded from the Schedule of Expenditures of State and Federal Awards (SESFA).

Federal revenues earned and received from the Centers for Medicare and Medicaid Services (CMS) and passed through HHSC for the HHSC Healthcare Transformation and Quality Improvement Program – 1115 demonstration waiver are excluded from the Federal awards section of the SESFA. In addition, certain state contracts have been excluded from the State awards section of the SESFA by specific request of the funding agency. These contracts are with the Texas Correctional Office on the Offenders with Medical or Mental Impairments (TCOOMI) which is passed through the Texas Department of Criminal Justice.

The state and federal monies excluded from the SESFA are not considered federal or state awards as defined by the Uniform Guidance or State of Texas Single Audit Circular. Provider Relief Funds have been excluded from the Schedule of Expenditures of Federal and State Awards as per instructions from the 2020 OMB Compliance Supplement Addendum. Provider Relief Funds expended in FY20 are expected to be included on the Schedule of Expenditures of Federal and State Awards in FY21.

State and federal revenues in Integral Care's basic financial statements differ from the accompanying schedule due to classifications based on the pass-through entity.

A reconciliation of the SESFA to the audited financial statements is as follows:

State expenditures per SESFA	\$ 34,095,160
TCOOMMI	1,655,386
TRC Fees Billed	17,775
Reclass of Supported Housing to federal	10,176
Other	1,895
	<u>35,780,392</u>
State revenues per basic financial statements	<u>\$ 35,780,392</u>
Federal expenditures per SESFA	\$ 13,493,162
1115 Transformation Waiver	22,286,411
COVID Stimulus Provider Relief Funds	576,060
Veterans Administration	647,286
Reclass of Supported Housing from state	(10,176)
Other	(12,007)
	<u>36,980,737</u>
Federal revenues per basic financial statements	<u>\$ 36,980,737</u>

Note 5 - Indirect Cost Rate

Integral Care has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? No

Federal and State Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? No

Identification of major programs:

- CFDA Number
 - 93.778 – Medical Assistance Program (Medicaid Cluster)
 - 93.958 – Mental Health Block Grant
 - 93.959 – Substance Abuse Block Grant
 - 93.788 – Opioid STR
 - 93.243 – Substance Abuse and Mental Health Services Projects of Regional and National Significance
- State General Revenue:
 - Behavioral Health (Mental Health Adult and Crisis, Mental Health Child, PESC, PPB)
 - Intellectual & Developmental Disabilities
 - Community Mental Health Grant Program (HB13)

Dollar threshold used to distinguish between type A and type B programs?

Federal awards	\$ 750,000
State awards	\$ 1,022,855

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III - Federal and State Award Findings and Questioned Costs

The audit disclosed no findings and questioned costs required to be reported.



Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings
August 31, 2020

Prepared by Management of
Integral Care

Government Auditing Standards

Finding 2019-001

Initial Fiscal Year Finding Occurred: 2019

Finding Summary:

The Center entered into an agreement that required complex transactions related to a housing project. A note receivable was reflected in prior period as fully funded when only a portion of the note was funded at the time; therefore, net position was overstated. Audit procedures indicated that a prior period adjustment was necessary to properly state beginning net position of governmental activities. Lack of the adjustment to beginning net position could have resulted in a material misstatement of the Center's financial statements.

Status:

Corrective action was taken.