



Financial Statements
August 31, 2021

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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 2021 from Eide Bailly LLP was reviewed and approved at a meeting of the Executive Committee of the Board of Trustees held on the 27th day of January, 2022.

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

01/27/2022

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
Ken Winston
Sherry Blyth

Mesha Barnes
Kathleen Casey

Marlene Buchanan
Kim Macakiage
Dr. Craig Franke

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



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, 2021, 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 represent 81.76%, 80.97% and 74.59%, respectively, of the assets, net position and revenues of the business-type activities and 86.64%, 86.08% and 74.59%, 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, 2021, 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 through 17 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 financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the 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 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 auditing 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 States of America. In our opinion, the schedule of expenditures of 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 a report dated January 27, 2022, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
January 27, 2022

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, 2021.

FINANCIAL HIGHLIGHTS

- The assets of Integral Care exceeded its liabilities at the close of the most recent fiscal year by \$74,472,543 (net position). Of this amount, \$40,225,984 (unrestricted net position) may be used to meet Integral Care's ongoing obligations.
- Integral Care's total government-wide net position increased by \$1,049,168 in fiscal year 2021. Of that, Integral Care's governmental operations provided an increase in net position of \$1,013,530. New Milestones Foundation had an increase in net position of \$35,638 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 \$38,988,308, an increase of \$2,172,628 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 \$24,447,059, 23.65% 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 Behavioral Health Services, Developmental Disabilities, and Substance Use Disorder*.

- 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 18-19 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 two categories: governmental funds and proprietary 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 one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General 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 20-24 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 25-27 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 28-49 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *statistical information* concerning Integral Care that is required by the Health and Human Services Commission, Uniform Guidance, and the State of Texas Single Audit Circular. This information can be found on pages 50-60 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 \$74,472,543 at the close of the most recent fiscal year.

Approximately 45.42% 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 54.01% portion of Integral Care's net position represents unrestricted financial resources available for future operations.

The remaining 0.57% balance of Integral Care's net position represents resources restricted by the terms of the permanent endowment.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	8/31/2021	8/31/2020	8/31/2021	8/31/2020	8/31/2021	8/31/2020
Current assets	\$ 40,728,298	\$ 38,641,298	\$ 1,004,928	\$ 950,965	\$ 41,733,226	\$ 39,592,263
Noncurrent assets	48,386,148	49,552,040	4,349,488	4,335,985	52,735,636	53,888,025
Total assets	89,114,446	88,193,338	5,354,416	5,286,950	94,468,862	93,480,288
Current liabilities	8,105,374	8,191,002	272,236	240,409	8,377,610	8,431,411
Noncurrent liabilities	11,618,708	11,625,502	-	-	11,618,708	11,625,502
Total liabilities	19,724,082	19,816,504	272,236	240,409	19,996,318	20,056,913
Net Position						
Net investment in capital assets	29,897,071	31,062,963	3,924,940	4,004,532	33,822,011	35,067,495
Restricted for permanent endowment - nonspendable	-	-	424,548	331,453	424,548	331,453
Unrestricted	39,493,293	37,313,871	732,691	710,556	40,225,984	38,024,427
Total net position	\$ 69,390,364	\$ 68,376,834	\$ 5,082,179	\$ 5,046,541	\$ 74,472,543	\$ 73,423,375

Governmental Activities. Governmental activities increased Integral Care's net position by \$1,013,530. Key elements of the increase are as follows on the next page.

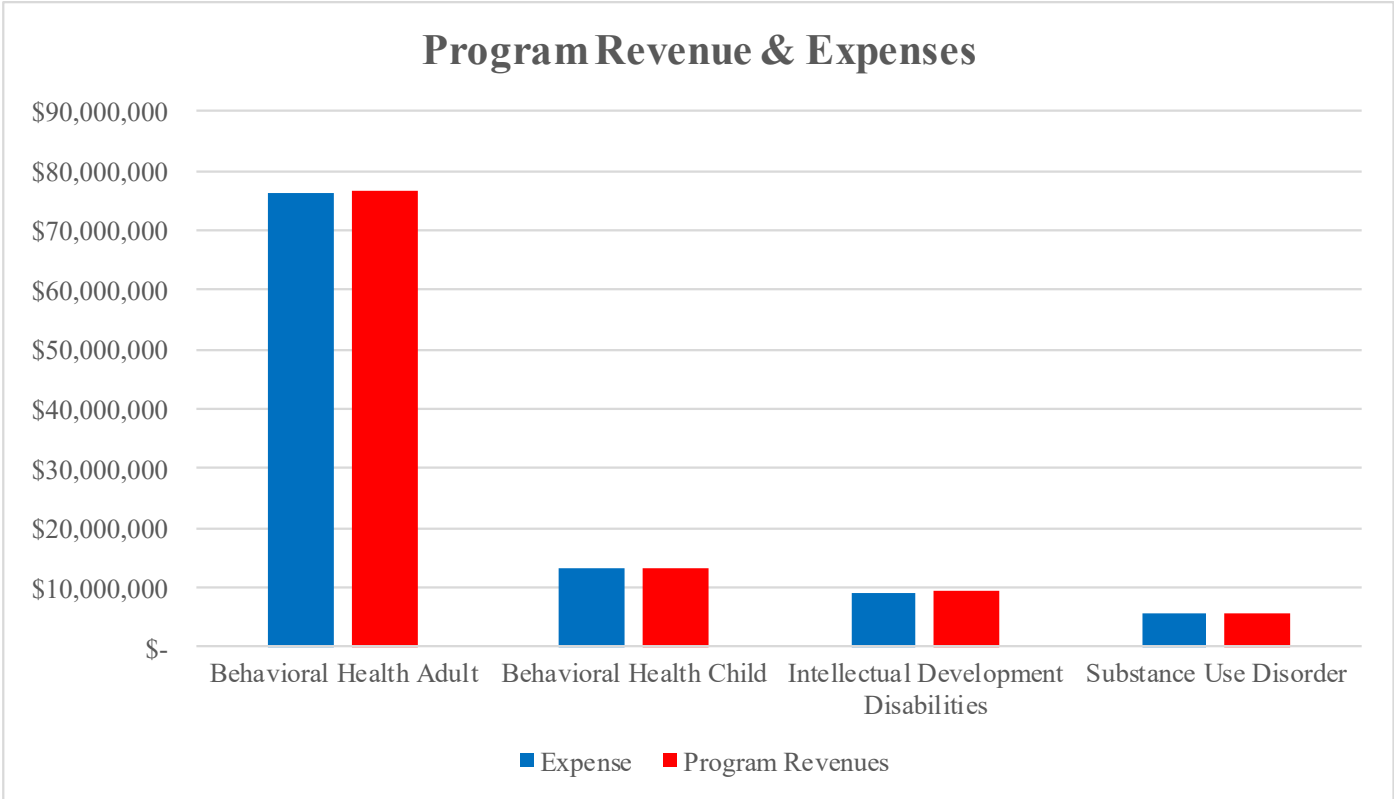
Integral Care
Management's Discussion and Analysis
August 31, 2021

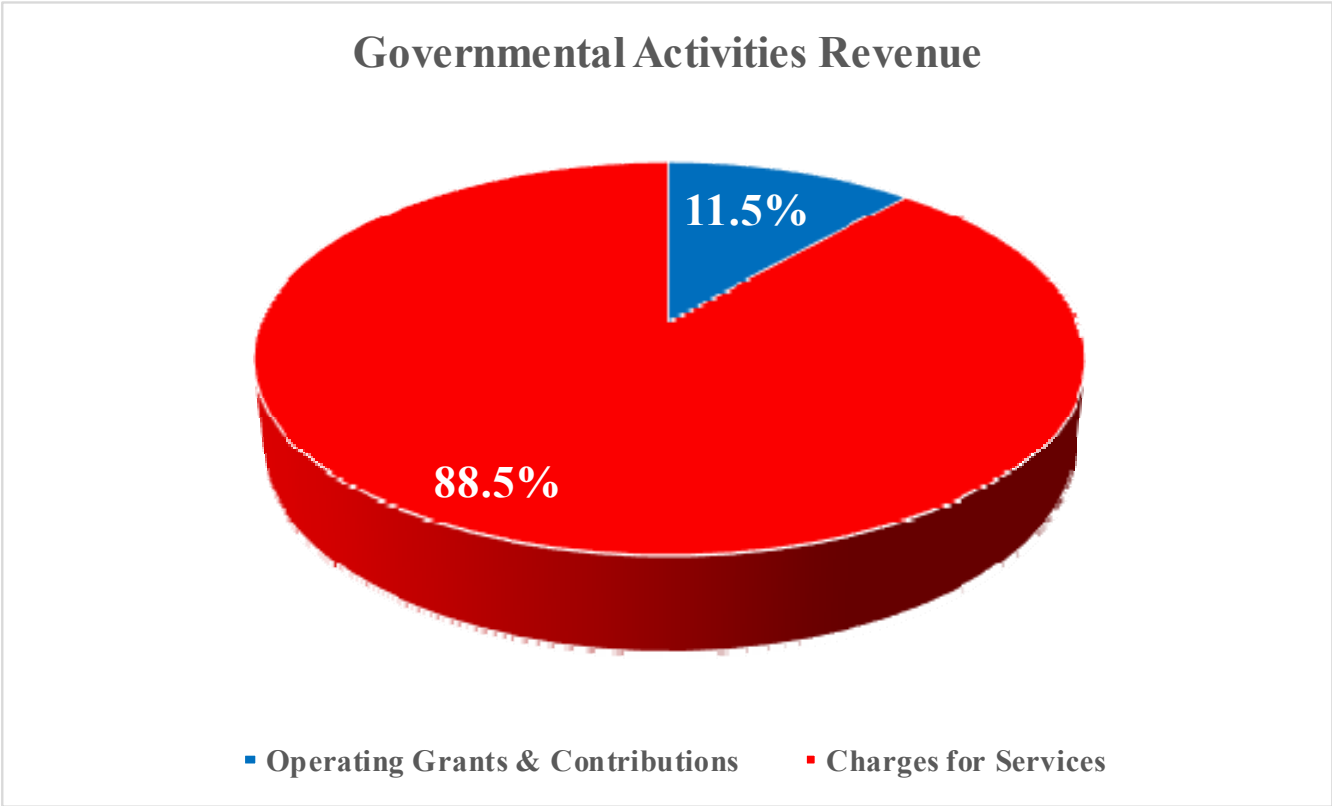
	Governmental Activities		Business-Type Activities		Total	
	8/31/2021	8/31/2020	8/31/2021	8/31/2020	8/31/2021	8/31/2020
Revenues						
Program revenues						
Charges for services	\$ 12,148,110	\$ 14,192,546	\$ -	\$ -	\$ 12,148,110	\$ 14,192,546
Operating grants and contributions	93,383,625	94,478,383	-	-	93,383,625	94,478,383
General revenues						
Unrestricted interest earnings	8,722	228,750	97,106	23,366	105,828	252,116
Contributions-not program restricted	-	1,202,504	-	-	-	1,202,504
Other income						
Property revenues	-	-	900,620	879,863	900,620	879,863
Other	-	-	218,954	186,820	218,954	186,820
Total revenues	105,540,457	110,102,183	1,216,680	1,090,049	106,757,137	111,192,232
Expenses						
Behavioral health adult	76,330,013	74,371,808	-	-	76,330,013	74,371,808
Behavioral health child	13,388,085	12,318,156	-	-	13,388,085	12,318,156
Intellectual & developmental disabilities	8,937,622	7,801,011	-	-	8,937,622	7,801,011
Substance Abuse	5,550,107	6,078,242	-	-	5,550,107	6,078,242
Early childhood intervention	-	1,614,172	-	-	-	1,614,172
Interest and fees on long-term debt	321,100	121,895	-	-	321,100	121,895
New Milestones Foundation Inc.	-	-	1,181,042	1,080,942	1,181,042	1,080,942
Total expenses	104,526,927	102,305,284	1,181,042	1,080,942	105,707,969	103,386,226
Increase (Decrease) in Net Position	1,013,530	7,796,899	35,638	9,107	1,049,168	7,806,006
Net Position, Fiscal Year Beginning	68,376,834	60,579,935	5,046,541	5,037,434	73,423,375	65,617,369
Net Position, Fiscal Year End	\$ 69,390,364	\$ 68,376,834	\$ 5,082,179	\$ 5,046,541	\$ 74,472,543	\$ 73,423,375

BUSINESS-TYPE ACTIVITIES:

Integral Care generated \$1,216,680 in revenue from Integral Care's business-type activities. Total expenses were \$1,181,042. Net position increased by \$35,638 to \$5,082,179.

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.

Governmental 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, *unassigned 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 20, reported a *combined* fund balance of \$38,988,308, which is an increase of \$2,172,628 from last year's total of \$36,815,680.

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 \$24,447,059 while the total fund balance reached \$38,988,308. 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 23.65% 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 \$35,638 increase in net position in fiscal year 2021, compared to an increase of \$9,107 in 2020. Housing First, LLC had no change in net position in fiscal year 2021 or fiscal year 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budgeted revenue plus net changes in fund balances was equal to \$111,783,361. Over the course of the year, the budgeted revenue plus net changes in fund balance changed to \$118,343,202. This increase in budget of \$6,559,841 can be summarized as follows:

Major Budget Amendments:

City of Austin Expanded Mobile Crisis Outreach Team (EMCOT)	\$ 1,515,998
City of Austin COVID related contracts	803,233
Downtown Austin Alliance (DAA) & Downtown Austin Community Court (DACC)	519,306
HHSC Suicide Care Prevention Pilot	633,696
Travis County System of Care	402,907
Del Valle ISD Truancy Prevention Program	400,000
Travis County Community Development Block Grant (CDBG)	324,046
HHSC COVID 19 Crisis Counseling Program-Regular Service Program	317,538
University of Houston, Cancer Prevention and Research Institute of Texas & CDC	312,575
HHSC Intellectual & Developmental Disability Outpatient Mental Health Learning Collaborat	300,000
Dell Medical School University of Texas total amendments	311,447
HHSC Substance Abuse total amendments	295,606
HHSC Mental Health General Revenue	246,671
Travis County Substance Abuse Managed Services Organization (SAMSO)	233,713
City of Austin Rapid Rehousing	176,000
Veterans Administration Safe Haven Low Demand Transitional Housing	151,594
City of Austin Homeless Outreach Street Team (HOST)	137,000
Integral Care Foundation	135,533
HHSC Intellectual & Developmental Disability Transition Support Team	134,800
TDCJ, Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOM	112,619
Fund Balance Committed	(632,844)
HHSC Community Collaboration	(266,666)
All Other	(4,931)
	<hr/>
Total 2021 Revenue Budget Amendments	<u><u>\$ 6,559,841</u></u>

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.

Major variances between the final budgeted and actual amounts:

In regards to City funds and County funds, Integral Care has a large number of cost reimbursement contracts with both the City of Austin and Travis County. As these contracts are acquired, the full contract amount is budgeted on both the revenue and expense side. With the current pandemic and overall workforce challenges in the community, it has increased the gap between the funds contracted for and budgeted for the programs and the ability to draw down the revenue with reimbursable personnel expenses within the scope of work due to staff vacancies.

The primary reasons for the earned income variance deal with staffing challenges and engagement challenges. With the ongoing challenges in staffing positions during the time of the pandemic, the number of staff able to bill for services has declined. In addition, during the pandemic, the change of service delivery modalities to telehealth and telephone has created additional challenges in keeping individuals engaged in a service long enough to meet the minimal threshold per billing guidelines.

The HHSC Mental Health variance in federal funds was due to the COVID 19 Crisis Counseling Program Regular Services Program which included the full awarded budget funds in FY21 budget but which spanned FY21 and a portion of FY22 for service provision. The remaining amounts were in relation to one time funding added to the HHSC Suicide Regional Expansion and funds that could be appropriately expended prior to the close of FY21 being below the amount authorized for the project.

Integral Care budgets Medicaid Administrative Claiming conservatively as the claims are dependent on both internal expenditures and on random moment time study results from across the state-wide system of care. The variance is based on the difference between the actual quarterly claims and the conservative budget estimate.

During the Public Health Emergency, the Centers for Medicaid and Medicare Services is paying an enhanced FMAP on supplemental waiver programs such as the 1115 Transformation Waiver. As the enhanced rate was contingent on the continuation of the public health emergency, Integral Care did not budget for the enhanced portion of the payment during FY21. The enhanced portion of the FMAP received by Integral Care during FY21 amounted to approximately \$1.9 million.

In regards to personnel and employee benefits, Integral Care has a large number of cost reimbursement contracts with various entities such as the City of Austin, Travis County, and Texas Health and Human Services Commission. As these contracts are acquired, the full contract amount is budgeted with the corresponding portions of the personnel and employee benefit expenditures being budgeted per the scope of work for the contract. With the current pandemic and overall workforce challenges in the community, it has increased the gap between the funds budgeted for personnel and benefit expenses in comparison to the actual expenses.

Throughout FY21, COVID 19 caused a shift in services, at times causing some units to close. The consultation and professional fees variance is primarily due to the adjustment made due to COVID and the impact it had on staffing of units.

Integral Care acquired a \$14,000,000 note from Frost Bank in the prior fiscal year. \$9,405,644 of the note was utilized for purchase of property. The remaining \$4,594,356 was left to be drawn down for renovation of the property. In order to draw down the funds, architectural work was needed to be completed and City of Austin approval for appropriate building permits was needed. The building permits were issued in December 2021 and the loan proceeds will be utilized during FY22 for renovation of the facility.

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, 2021, amounts to \$43,227,655 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, and equipment.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	8/31/2021	8/31/2020	8/31/2021	8/31/2020	8/31/2021	8/31/2020
Land, buildings and construction in progress	\$ 52,511,449	\$ 51,025,578	\$ 6,736,311	\$ 6,691,797	\$ 59,247,760	\$ 57,717,375
Furniture and equipment	9,388,545	9,121,696	160,285	112,195	9,548,830	9,233,891
Vehicles	1,042,582	1,042,582	-	-	1,042,582	1,042,582
Less accumulated depreciation	(23,639,861)	(20,721,249)	(2,971,656)	(2,799,460)	(26,611,517)	(23,520,709)
	<u>\$ 39,302,715</u>	<u>\$ 40,468,607</u>	<u>\$ 3,924,940</u>	<u>\$ 4,004,532</u>	<u>\$ 43,227,655</u>	<u>\$ 44,473,139</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 2022 amended budget of \$134,007,416 (November 2021) is a total increase of \$15,664,214, from the final fiscal year 2021 budget of \$118,343,202.

Major Budget Changes include the following:

HHSC Block Grant Supported Housing	\$ 3,250,000
SAMHSA Community Mental Health Centers Grant	2,500,000
SAMHSA Healthy Impacts through CCBHC	1,999,999
Fund Balance Committed	1,811,484
City of Austin Permanent Supportive Housing	1,558,200
Travis County Assertive Community Treatment (ACT)	1,291,579
HHSC Outpatient Expansion Program	1,237,757
HHSC Lifeline Expansion Planning	874,196
Medicaid/Medicare/Managed Care Organizations, All Fee for Service	713,079
Travis County Jail Based Intake & Care Navigation	715,300
Travis County Intensive Mobile Crisis Outreach Team Services for Children and Families	503,681
Travis County Intellectual & Developmental Disability Crisis Respite Care	484,406
HHSC Coordinated Specialty Care	429,180
Medicaid Administrative Claiming	400,000
Downtown Austin Community Court Homeless Encampment Assistance Link (HEAL)	373,333
Travis County EMCOT 911 Expansion	350,280
Travis County ProLodge	325,000
City of Austin Rapid Rehousing	324,000
City of Austin Homeless Outreach Street Team	291,292
Travis County Intellectual & Developmental Disability In-Home Respite	256,174
City of Austin Bridge to Recovery	229,925
HHSC Bridge to STAR+PLUS	195,386
HHSC Forensic Act	173,681
Front Steps Southbridge Shelter	165,539
Travis County Intellectual & Developmental Disability Intake & Enrollment	126,073
HHSC Residency Program	100,797
HHSC Suicide Care Prevention Pilot	(667,213)
City of Austin COVID related contracts	(497,412)
Del Valle ISD Victim of Crime Act	(400,000)
Travis County Community Development Block Grant (CDBG)	(324,046)
HHSC Intellectual & Developmental Disability Outpatient Mental Health Learning Collaborat	(300,000)
HHSC Substance Abuse total amendments	(264,411)
Episcopal Health Foundation	(258,447)
HHSC Mental Health General Revenue	(246,671)
HHSC Healthy Community Collaborative	(235,050)
Client Revenue - Retail Pharmacy	(191,848)
HHSC COVID 19 Crisis Counseling Program Regular Service Program	(163,826)

Travis County Substance Abuse Managed Services Organization (SAMSO)	(144,572)
Integral Care Foundation	(140,533)
HHSC Intellectual & Developmental Disability Transition Support Team	(134,800)
St. David's Foundation Herman Center	(119,167)
Meadows Foundation	(100,000)
All Other Changes (Less than \$100,000 each)	<u>(828,131)</u>
 Total Fiscal Year 2021 to 2022 Budget Change	 <u><u>\$ 15,664,214</u></u>

The major budget issues that impact the 2022 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 funds toward renovation of one of the facilities. These funds will be coupled with up to an additional \$8.5 million to be financed to complete the renovations. The building permits have been acquired for the renovation which is expected to begin in February 2022 with completion near September 2022.
- Integral Care's fiscal year 2022 will be the 1115 Transformation Waiver demonstration year 10 of the Delivery System Reform Incentive Payment (DSRIP) program. The Center 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) has negotiated a Directed Payment Program Behavioral Health Services and a Public Health Provider Charity Care Pool which will help replace DSRIP funding moving forward.
- Integral Care has a number of new contract awards for Fiscal Year 2022. These are listed in the Fiscal Year 2021 to 2022 Budget Changes listed above. The volume of the new awards coupled with the ongoing COVID pandemic will present challenges with acquiring and onboarding necessary workforce to meet the scope of work for each of the contracts.

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and investments	\$ 20,727,715	\$ 954,035	\$ 21,681,750
Accounts receivable	2,313,406	32,219	2,345,625
Employee receivables, net	234,503	-	234,503
Due from other governments, net	14,526,311	-	14,526,311
DPP IGT deposit	1,895,207	-	1,895,207
Prepaid expenses and other assets	1,031,156	18,674	1,049,830
Total current assets	<u>40,728,298</u>	<u>1,004,928</u>	<u>41,733,226</u>
Noncurrent Assets			
Restricted assets			
Investment in Austin Community Foundatio	-	424,548	424,548
Notes receivable	9,083,433	-	9,083,433
Capital assets, net			
Nondepreciable assets	12,842,330	530,700	13,373,030
Depreciable assets	26,460,385	3,394,240	29,854,625
Total noncurrent assets	<u>48,386,148</u>	<u>4,349,488</u>	<u>52,735,636</u>
Total assets	<u>89,114,446</u>	<u>5,354,416</u>	<u>94,468,862</u>
Liabilities			
Current Liabilities			
Accounts payable	4,623,886	86,334	4,710,220
Accrued expenses and other liabilities	1,544,574	56,448	1,601,022
Internal balances	(125,081)	125,081	-
Unearned revenue	2,061,995	4,373	2,066,368
Total current liabilities	<u>8,105,374</u>	<u>272,236</u>	<u>8,377,610</u>
Noncurrent Liabilities			
Notes payable - due in less than one year	471,060	-	471,060
Notes payable - due in more than one year	8,934,584	-	8,934,584
Accrued compensated absences - due in more than one year	2,213,064	-	2,213,064
Total noncurrent liabilities	<u>11,618,708</u>	<u>-</u>	<u>11,618,708</u>
Total liabilities	<u>19,724,082</u>	<u>272,236</u>	<u>19,996,318</u>
Net Position			
Net investment in capital assets	29,897,071	3,924,940	33,822,011
Restricted for permanent endowment - nonexpendable	-	424,548	424,548
Unrestricted	39,493,293	732,691	40,225,984
Total net position	<u>\$ 69,390,364</u>	<u>\$ 5,082,179</u>	<u>\$ 74,472,543</u>

Integral Care
Statement of Activities
Year Ended August 31, 2021

	Expenses			Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Administration Allocation	Expenses After Allocation of Administration	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities								
Behavioral health - adult	\$ 67,917,101	\$ 8,412,912	\$ 76,330,013	\$ 4,108,419	\$ 72,643,667	\$ 422,073	\$ -	\$ 422,073
Behavioral health - children	11,902,390	1,485,695	13,388,085	2,263,911	11,186,270	62,096	-	62,096
Intellectual & developmental disabilities	7,950,131	987,491	8,937,622	3,314,448	6,264,323	641,149	-	641,149
Substance use disorder	4,936,673	613,434	5,550,107	2,461,332	3,289,365	200,590	-	200,590
Administration	11,499,532	(11,499,532)	-	-	-	-	-	-
Interest and fees on debt	321,100	-	321,100	-	-	(321,100)	-	(321,100)
Total governmental activities	104,526,927	-	104,526,927	12,148,110	93,383,625	1,004,808	-	1,004,808
Business-Type Activities								
New Milestones Foundation	1,181,042	-	1,181,042	900,620	218,954	-	(61,468)	(61,468)
Housing First, LLC	-	-	-	-	-	-	-	-
Total business-type activities	1,181,042	-	1,181,042	900,620	218,954	-	(61,468)	(61,468)
Total primary government	\$ 105,707,969	\$ -	\$ 105,707,969	\$ 13,048,730	\$ 93,602,579	1,004,808	(61,468)	943,340
				General Revenues				
					Investment earnings	8,722	97,106	105,828
					Total general revenues	8,722	97,106	105,828
					Change in Net Position	1,013,530	35,638	1,049,168
					Net Position, Beginning	68,376,834	5,046,541	73,423,375
					Net Position, Ending	\$ 69,390,364	\$ 5,082,179	\$ 74,472,543

Integral Care
Balance Sheet – Governmental Funds
August 31, 2021

	General	Total Governmental Funds
Assets		
Cash and investments	\$ 20,727,715	\$ 20,727,715
Accounts receivable	2,313,406	2,313,406
Employee receivables, net	234,503	234,503
Due from other governments, net	14,526,311	14,526,311
Due from other funds	125,081	125,081
Note receivable	6,365,384	6,365,384
DPP IGT deposit	1,895,207	1,895,207
Prepaid items	1,031,156	1,031,156
	<u>\$ 47,218,763</u>	<u>\$ 47,218,763</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 4,623,886	\$ 4,623,886
Accrued expenditures and other liabilities	1,544,574	1,544,574
Unearned revenues	2,061,995	2,061,995
	<u>8,230,455</u>	<u>8,230,455</u>
Fund Balances		
Nonspendable	7,396,540	7,396,540
Committed	4,931,645	4,931,645
Assigned	2,213,064	2,213,064
Unassigned	24,447,059	24,447,059
	<u>38,988,308</u>	<u>38,988,308</u>
Total fund balances	<u>38,988,308</u>	<u>38,988,308</u>
Total liabilities and fund balances	<u>\$ 47,218,763</u>	<u>\$ 47,218,763</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	39,302,715
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	(2,213,064)
	<u>(11,618,698)</u>
Net position of governmental activities	<u>\$ 69,390,364</u>

Integral Care
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended August 31, 2021

	General	Total Governmental Funds
Revenues		
Local and earned revenues	\$ 35,502,993	\$ 35,502,993
State programs	34,716,613	34,716,613
Federal programs	35,312,129	35,312,129
Investment earnings	8,722	8,722
Total revenues	105,540,457	105,540,457
Expenditures		
Current		
Behavioral health - adult	65,869,793	65,869,793
Behavioral health - children	11,627,193	11,627,193
Intellectual and developmental disabilities	7,728,201	7,728,201
Substance use disorder	4,800,794	4,800,794
Administration	11,268,028	11,268,028
Debt service		
Interest	321,100	321,100
Capital outlay	1,752,720	1,752,720
Total expenditures	103,367,829	103,367,829
Net Change in Fund Balances	2,172,628	2,172,628
Fund Balances, September 1, 2020	36,815,680	36,815,680
Fund Balances, August 31, 2021	\$ 38,988,308	\$ 38,988,308

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, 2021

Net change in fund balance - total governmental funds \$ 2,172,628

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	1,752,720
Depreciation expense	(2,918,612)

Long-term liabilities for 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.

Change in accrued compensated absences	<u>6,794</u>
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Change in net position of governmental activities	<u><u>\$ 1,013,530</u></u>
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Integral Care

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended August 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Local and Earned Revenues				
City funds	\$ 7,918,952	\$ 10,180,152	\$ 7,503,303	\$ (2,676,849)
County funds	6,709,072	7,343,627	5,993,018	(1,350,609)
Other taxing authority funds	8,431,400	8,520,500	9,086,110	565,610
Earned income	11,639,085	11,641,204	8,490,281	(3,150,923)
Rental income	748,016	748,016	642,527	(105,489)
Miscellaneous income & contributions	3,345,302	4,327,363	3,787,754	(539,609)
Total local revenues	<u>38,791,827</u>	<u>42,760,862</u>	<u>35,502,993</u>	<u>(7,257,869)</u>
State Program Revenues				
HHSC - Mental Health	28,865,806	28,888,271	28,647,552	(240,719)
HHSC - substance use disorder	115,963	106,261	180,552	74,291
HHSC - IDD	3,822,049	4,136,231	3,604,688	(531,543)
TCOOMMI	1,957,311	2,069,930	2,132,995	63,065
Other state programs	155,347	467,922	150,826	(317,096)
Total state program revenues	<u>34,916,476</u>	<u>35,668,615</u>	<u>34,716,613</u>	<u>(952,002)</u>
Federal Program Revenues				
HHSC - Mental Health	5,301,092	6,222,220	5,518,781	(703,439)
HHSC - Substance use disorder	1,445,817	1,490,160	1,379,197	(110,963)
HHSC - IDD	653,053	729,056	329,492	(399,564)
City of Austin - Ryan White	395,185	411,007	330,694	(80,313)
City of Austin - CDBG - YAFAC	186,507	188,490	187,006	(1,484)
City of Austin - COVID Prolodges	-	688,749	268,853	(419,896)
HUD Supported Housing	439,116	439,116	438,611	(505)
Travis County - Parents in Recovery	54,231	119,231	68,958	(50,273)
Travis County - SAMSO (SAMHSA)	204,469	218,610	207,940	(10,670)
Travis County - CDBG CV	-	324,046	227,530	(96,516)
SAMHSA CCBHC	-	-	20,391	20,391
SAMHSA CHRP	400,000	400,000	247,443	(152,557)
SAMHSA MHAT	125,000	125,000	134,452	9,452
SAMHSA AOT	1,000,000	1,000,000	645,388	(354,612)
Del Valle ISD - VOCA	400,000	400,000	425,333	25,333
UTDMS SAMHSA	209,942	209,942	161,028	(48,914)
Veterans Administration - Safe Haven	840,320	991,914	762,641	(229,273)
Medicaid Administrative Claiming	2,600,000	2,600,000	3,267,055	667,055
1115 Transformation Waiver	19,185,970	18,721,828	20,691,337	1,969,509
Total federal program revenues	<u>33,440,702</u>	<u>35,279,369</u>	<u>35,312,129</u>	<u>32,760</u>
Investment Earnings	<u>40,000</u>	<u>40,000</u>	<u>8,722</u>	<u>(31,278)</u>
Total revenues	<u>\$ 107,189,005</u>	<u>\$ 113,748,846</u>	<u>\$ 105,540,457</u>	<u>\$ (8,208,389)</u>

Integral Care

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended August 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
Personnel	\$ 54,607,739	\$ 58,826,826	\$ 53,758,794	\$ 5,068,032
Employee benefits	13,794,009	14,635,857	13,074,213	1,561,644
Training and travel	915,215	852,253	299,645	552,608
Medication costs	692,387	704,387	226,576	477,811
Consumable supplies	342,934	389,022	357,948	31,074
Consultation and professional fees	22,484,140	22,036,087	17,773,299	4,262,788
Furniture and equipment	96,230	591,459	470,439	121,020
Facilities, telephone, and utilities	6,853,767	7,114,374	7,444,304	(329,930)
Insurance	527,167	536,655	544,855	(8,200)
Transportation	212,341	223,564	143,086	80,478
Professional fees	146,310	146,310	347,309	(200,999)
Client support costs	2,090,944	2,493,701	2,583,520	(89,819)
Other operating costs	3,848,412	4,562,486	4,270,021	292,465
Total current	<u>106,611,595</u>	<u>113,112,981</u>	<u>101,294,009</u>	<u>11,818,972</u>
Debt Service				
Principal	-	-	-	-
Interest	377,410	377,410	321,100	56,310
Total debt service	<u>377,410</u>	<u>377,410</u>	<u>321,100</u>	<u>56,310</u>
Capital Outlay	4,794,356	4,852,811	1,752,720	3,100,091
Total expenditures	<u>111,783,361</u>	<u>118,343,202</u>	<u>103,367,829</u>	<u>14,975,373</u>
Excess (deficiency) of revenues over expenditures	<u>(4,594,356)</u>	<u>(4,594,356)</u>	<u>2,172,628</u>	<u>6,766,984</u>
Other Financing Sources (Uses)				
Loan proceeds	4,594,356	4,594,356	-	(4,594,356)
Total other financing sources (uses)	<u>4,594,356</u>	<u>4,594,356</u>	<u>-</u>	<u>(4,594,356)</u>
Net Changes in Fund Balances	-	-	2,172,628	2,172,628
Fund Balances, September 1, 2020	<u>36,815,680</u>	<u>36,815,680</u>	<u>36,815,680</u>	<u>-</u>
Fund Balances, August 31, 2021	<u>\$ 36,815,680</u>	<u>\$ 36,815,680</u>	<u>\$ 38,988,308</u>	<u>\$ 2,172,628</u>

Integral Care
Statement of Net Position – Proprietary Funds
August 31, 2021

	Business-type Activities - Enterprise Funds		
	Housing First, LLC	New Milestones Foundation	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 271,524	\$ 682,511	\$ 954,035
Accounts receivables, net	30,000	2,219	32,219
Other assets	-	18,674	18,674
Total current assets	<u>301,524</u>	<u>703,404</u>	<u>1,004,928</u>
Noncurrent assets			
Restricted assets			
Investment in Austin Community Foundation	-	424,548	424,548
Capital assets, net	-	3,924,940	3,924,940
Total noncurrent assets	<u>-</u>	<u>4,349,488</u>	<u>4,349,488</u>
Total assets	<u>301,524</u>	<u>5,052,892</u>	<u>5,354,416</u>
Liabilities			
Current liabilities			
Accounts payable	-	86,334	86,334
Other liabilities	-	56,448	56,448
Unearned revenues	-	4,373	4,373
Due to other funds	-	125,081	125,081
Total current liabilities	<u>-</u>	<u>272,236</u>	<u>272,236</u>
Total liabilities	<u>-</u>	<u>272,236</u>	<u>272,236</u>
Net Position			
Investment in capital assets	-	3,924,940	3,924,940
Restricted for permanent endowment - nonexpendable	-	424,548	424,548
Unrestricted	301,524	431,167	732,691
Total Net Position	<u>\$ 301,524</u>	<u>\$ 4,780,655</u>	<u>\$ 5,082,179</u>

Integral Care
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended August 31, 2021

	Business-type Activities - Enterprise Funds		
	Housing First, LLC	New Milestones Foundation	Total
Operating Revenues			
Property revenues	\$ -	\$ 900,620	\$ 900,620
Other revenues	-	218,954	218,954
Total operating revenues	-	1,119,574	1,119,574
Operating Expenses			
Property expenses	-	558,177	558,177
Depreciation	-	172,196	172,196
Administrative	-	450,669	450,669
Total operating expenses	-	1,181,042	1,181,042
Operating Income (Loss)	-	(61,468)	(61,468)
Nonoperating Revenues/Expenses			
Investment income	-	97,106	97,106
Total nonoperating revenues/expenses	-	97,106	97,106
Change in Net Position	-	35,638	35,638
Net Position, Beginning of Year	301,524	4,745,017	5,046,541
Net Position, End of Year	<u>\$ 301,524</u>	<u>\$ 4,780,655</u>	<u>\$ 5,082,179</u>

Integral Care
Statement of Cash Flows – Proprietary Funds
Year Ended August 31, 2021

	<u>Business-type Activities - Enterprise Funds</u>		
	New		
	<u>Housing First, LLC</u>	<u>Milestones Foundation</u>	<u>Total</u>
Operating Activities			
Cash received from customers	\$ -	\$ 899,286	\$ 899,286
Other receipts	-	218,954	218,954
Cash payments to suppliers for goods and services	(30,000)	(976,632)	(1,006,632)
Net Cash from Operating Activities	<u>(30,000)</u>	<u>141,609</u>	<u>111,609</u>
Capital and Related Financing Activities			
Purchase of capital assets	-	(92,604)	(92,604)
Net Cash used for Capital and Related Financing Activities	<u>-</u>	<u>(92,604)</u>	<u>(92,604)</u>
Investing Activities			
Interest on investments	-	97,106	97,106
Change in investment in Austin Community Foundation	-	(93,095)	(93,095)
Net Cash from Investing Activities	<u>-</u>	<u>4,011</u>	<u>4,011</u>
Net Change in Cash and Cash Equivalents	(30,000)	53,016	23,016
Cash and Cash Equivalents, Beginning of Year	<u>301,524</u>	<u>629,495</u>	<u>931,019</u>
Cash and Cash Equivalents, End of Year	<u>\$ 271,524</u>	<u>\$ 682,511</u>	<u>\$ 954,035</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ -	\$ (61,468)	\$ (61,468)
Adjustments to reconcile operating loss to net cash from operating activities			
Noncash items included in net operating loss			
Depreciation	-	172,196	172,196
Change in assets and liabilities			
(Increase) decrease in			
Accounts receivable	(30,000)	(1,334)	(31,334)
Other assets	-	387	387
Increase (decrease) in			
Accounts payable	-	32,964	32,964
Other liabilities	-	380	380
Unearned revenues	-	(1)	(1)
Due to other funds	-	(1,516)	(1,516)
Net Cash from Operating Activities	<u>\$ (30,000)</u>	<u>\$ 141,609</u>	<u>\$ 111,609</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 majority 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 units. 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 and proprietary funds. 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 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.

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.

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, 2021, the employee receivable balance on payroll advances was \$266,407, and the allowance for uncollectible was \$43,377. An additional payroll receivable of \$11,473 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, 2021, is \$590,971.

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.

Intergovernmental Transfer (IGT)

The Center has enrolled in the Directed Payment Program (DPP) for Behavioral Health Services and, as of August 31, 2021, has sent HHSC one intergovernmental transfer (IGT) in the amount of \$1,895,207 in order to leverage federal funding, which is reported in the statement of net position and the general fund balance sheet. The Center reported a second IGT in December 2021.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond August 31, 2021 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 2021, 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, 2021, 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, 2021, 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, 2021 consisted of the following:

Land	\$	530,700
Building and improvements		6,205,611
Equipment		160,285
		6,896,596
Less accumulated depreciation		(2,971,656)
Capital assets, net		\$ 3,924,940

Depreciation expense for the year ended August 31, 2021, was \$172,196. 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. Integral Care keeps track of all expenses related to the project and is invoiced directly by contractors. Integral Care in turn books a receivable from Housing First as Integral Care is not liable for these expenses. The amount receivable from Housing First Oak Springs, GP, LLC was \$2,313,406 at August 31, 2021.

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, 2021 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, 2021.

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, 2021, Integral Care had the following investments:

	<u>August 31, 2021</u>	<u>Due in less than one year</u>
Investment in Austin Community Foundation	\$ 424,548	\$ -
TexPool	2,344,935	2,344,935

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, 2021, 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, 2021, 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	\$ 2,016,862
Travis County	1,974,606
Community Care Collaborative (CCC)	3,686,570
HHSC -Behavioral Health & Substance Abuse	2,682,374
HHSC - Medicaid Administrative Claim, TxHmLvg	1,703,534
Medicaid/Medicare/HMO/State SA	1,634,049
TCOOMMI	392,435
Other Local	362,769
Other State	90,091
Other Federal	573,992
Total due from other governments	<u>15,117,282</u>
Allowance for uncollectible accounts	(590,971)
	<u><u>\$ 14,526,311</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, 2021, 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, 2021, 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, 2021 is as follows:

	Balance at September 1, 2020	Additions	Retirements/ Transfers	Balance at August 31, 2021
Governmental Activities				
Nondepreciable assets:				
Land	\$ 1,551,017	\$ -	\$ -	\$ 1,551,017
Construction in progress	14,152,758	1,425,450	(4,286,895)	11,291,313
Total nondepreciable assets	15,703,775	1,425,450	(4,286,895)	12,842,330
Depreciable assets:				
Buildings and improvements	35,321,803	60,421	4,286,895	39,669,119
Furniture and equipment	9,121,696	266,849	-	9,388,545
Vehicles	1,042,582	-	-	1,042,582
Total depreciable assets	45,486,081	327,270	4,286,895	50,100,246
Less accumulated depreciation for:				
Buildings and improvements	(14,733,618)	(1,195,107)	-	(15,928,725)
Furniture and equipment	(5,050,743)	(1,694,069)	-	(6,744,812)
Vehicles	(936,888)	(29,436)	-	(966,324)
Total accumulated depreciation	(20,721,249)	(2,918,612)	-	(23,639,861)
Governmental activities capital assets, net	\$ 40,468,607	\$ (1,165,892)	\$ -	\$ 39,302,715

Depreciation expense for the year ended August 31, 2021 was charged to the following functions and programs of the government-wide financial statements as follows:

Governmental Activities	
Behavioral health - adult	\$ 2,047,308
Behavioral health - children	275,197
Intellectual and developmental disabilities	221,930
Substance use disorder	135,879
Authority and general administration	<u>238,298</u>
 Total depreciation expense	 <u><u>\$ 2,918,612</u></u>

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

	Balance at September 1, 2020	Additions	Retirements/ Transfers	Balance at August 31, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-Type Activities				
Nondepreciable assets				
Land	\$ 530,700	\$ -	\$ -	\$ 530,700
Depreciable assets				
Buildings and improvements	6,161,097	44,514		6,205,611
Equipment	112,195	48,090	-	160,285
	<u>6,273,292</u>	<u>92,604</u>	<u>-</u>	<u>6,365,896</u>
Less accumulated depreciation	<u>(2,799,460)</u>	<u>(172,196)</u>	<u>-</u>	<u>(2,971,656)</u>
Total depreciable assets	<u>3,473,832</u>	<u>(79,592)</u>	<u>-</u>	<u>3,394,240</u>
Business-type activities capital assets, net	<u><u>\$ 4,004,532</u></u>	<u><u>\$ (79,592)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,924,940</u></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, 2021 was \$172,196.

Note 13 - Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2021:

	Balance at September 1, 2020	Additions	Retirements	Balance at August 31, 2021	Due Within One Year
Governmental activities					
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	\$ 471,060
Compensated absences	2,219,858	3,652,244	(3,659,038)	2,213,064	-
Total	<u>\$ 11,625,502</u>	<u>\$ 3,652,244</u>	<u>\$ (3,659,038)</u>	<u>\$ 11,618,708</u>	<u>\$ 471,060</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, 2021, 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.

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

	Principal	Interest	Total
2022	\$ 471,060	\$ 413,535	\$ 884,595
2023	580,703	420,950	1,001,653
2024	598,288	403,366	1,001,654
2025	618,667	382,986	1,001,653
2026	638,589	363,065	1,001,654
2027-2031	3,513,975	1,494,293	5,008,268
2032-2036	4,117,273	890,994	5,008,267
2037-2040	3,461,445	211,285	3,672,730
Total	<u>\$ 14,000,000</u>	<u>\$ 4,580,474</u>	<u>\$ 18,580,474</u>
Less: funding to be advanced in FY2022	<u>(4,594,356)</u>		
	<u>\$ 9,405,644</u>		

At August 31, 2021, 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 2027. 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:

2022	\$ 1,340,687
2023	970,127
2024	964,705
2025	858,645
2026	885,804
2027	<u>73,876</u>
Total	<u><u>\$ 5,093,844</u></u>

Total rent expenditures under operating leases, including leases with maturities of less than one year, were \$2,619,900 for the year ended August 31, 2021.

Note 15 - Fund Balances

At August 31, 2021, the fund balance for governmental funds is made up of the following:

	<u>General Fund</u>
Nonspendable	
Prepaid items	\$ 1,031,156
Notes receivable	6,365,384
Committed	
Budget contingency	4,931,645
Assigned	
Accrued compensated absences	2,213,064
Unassigned	<u>24,447,059</u>
Total	<u><u>\$ 38,988,308</u></u>

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, 2021 and \$1,724,389 had been received from the Department of State Health Services.

Note 16 - Interfund Receivables and Payables

The following is a summary of interfund receivables and payables:

	Interfund Receivables	Interfund Payables
General fund	\$ 125,081	\$ -
New Milestones Foundation	-	125,081
Total enterprise fund	\$ 125,081	\$ 125,081

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

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 \$2,146,359 for 2021 which were approximately 4.0% 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 \$1,491,792 for the year ended August 31, 2021. In addition, employees contributed an additional \$19,500 to a 457 plan and \$641,558 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 2016 through 2021, 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 - Integrated Care Collaboration

Effective June 29, 2001, Integral Care entered into an agreement with the Integrated 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, 2021, these contracts have been continued through August 31, 2022.

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	\$ 34,166,333	32.4%
1115 Transformation Waiver	20,691,337	19.6%

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 - Patient Assistance Program

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at \$2,193,909 during the year ending August 31, 2021.

Note 24 - 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 2021 was the 1115 transformation waiver demonstration year 10. During fiscal year 2021, Integral Care recognized and earned \$20,691,337 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.

CMS approved the Directed Payment Program – Behavioral Health on November 15, 2021 for the period of September 1, 2021 through August 31, 2022. Reporting for this payment initiative began December 2021 and will cover the first six months of calendar year 2021. The Center will report twice a year to earn DPP-BH funds. The revenue will be recognized after review and approval by CMS. As a result, the DPP-BH funds will not be expenditure-reimbursement type funds. As of August 31, 2021, the Center has sent HHSC one intergovernmental transfer (IGT) in the amount of \$1,895,207, in order to leverage federal funding. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet. The Center reported a second IGT in December 2021. Reporting as a participation condition of the program also began in December 2021.

Note 25 - Subsequent Events

6937 North Interstate Highway 35

On October 4th, 2021, the Executive Committee of the Integral Care Board of Trustees authorized drawing down \$4,594,356 from a construction loan with Frost Bank and placing the funds in an escrow account for renovations at 6937 and 7023 North Interstate Highway 35. This action was approved on the Consent Agenda of the Integral Care Board of Trustees at their October 28th, 2021 meeting. The \$4,594,356 was placed in an escrow account with Frost Bank on October 8th, 2021. The funds in the escrow account, coupled with the \$9,405,644 which had been drawn on the loan for the purchase of the facility, total the \$14,000,000 note entered into in April 2020 which matures on April 6, 2040.

On December 9th, 2021, the Integral Care Board of Trustees authorized the negotiation and execution of an additional note up to \$8.5 Million toward the renovations at 6937 North Interstate Highway 35. The building permits for the renovation were issued by the City of Austin on December 9, 2021 and the additional financing is expected to be completed in late January or early February at which time renovation on the facility will commence. At the December 9th, 2021 meeting, the Integral Care Board also authorized for completion of negotiations and entering into a contract with Trimbuilt for the renovation of the facility. The initial bid by Trimbuilt was for \$11.3 Million and includes modifying the facility to house the call center, an adult mental health clinic, a children's mental health clinic, the pharmacy, learning and development, various administrative offices, and other programs.

Revenue Anticipation Note

On December 9th, 2021, the Integral Care Board of Trustees authorized a Revenue Anticipation Note in the amount of \$10,300,000. The note was issued on December 1, 2021. The purpose of the Revenue Anticipation Note is to assist Integral Care with cash flow when Intergovernmental Transfer funds are submitted for the 1115 Waiver DSRIP (Delivery System Reform Incentive Payments) payments. Draws on the note will occur when the Intergovernmental Transfer amounts are due and will be repaid as soon as the DSRIP payments are received, generally within 30 days.

Housing First Oak Springs, LP

Integral Care, as sole member of Housing First Oak Springs, GP, LLC, General Partner of Housing First Oak Springs, LP, has been in discussions with the limited partner of Housing First Oak Springs, LP, NEF Assignment Corporation, regarding establishment of a Stabilization Reserve in the amount of \$1,879,391 in order to bring the property to the fiscal stability standards required by the Texas Department of Housing and Community Affairs in order to have the Low Income Housing Tax Credits authorized. \$784,061 of the reserve will be financed from Non-Deferred Development Fees that have not yet been paid. The remaining \$1,095,430 will be financed by Integral Care utilizing funds from Housing First, LLC and from a \$1,000,000 donation toward Housing First that is currently being collected. The Stabilization Reserve will have established annual maximums that can be drawn in order to assist with property expenses. The Integral Care Board of Trustees authorized the Subsidy Reserve agreement at the June 24, 2021 meeting and the documents were fully executed on December 28, 2021.



Statistical Section (Unaudited)
August 31, 2021

Integral Care

Integral Care
Schedule of Revenues and Expenditures by Source of Funds – General Fund
(Unaudited)
Year Ended August 31, 2021

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	\$53,752,000	\$20,344,603	\$6,373,777	\$9,923,652	\$5,710,190	\$11,399,778	\$ 53,752,000	\$ -
Employee benefits	13,074,213	5,028,852	1,595,214	2,258,128	1,423,544	2,768,475	13,074,213	-
Professional and consultant services	17,773,299	2,055,810	345,067	12,072,993	465,955	2,833,474	17,773,299	-
Training and travel	299,645	108,843	34,618	40,927	50,678	64,579	299,645	-
Debt service	321,100	8,289	2,412	6,260	2,140	301,999	321,100	-
Capital outlay	1,752,720	17,873	6,296	21,760	1,996	1,704,795	1,752,720	-
Non-capitalized equipment	470,439	92,579	23,869	113,980	74,616	165,395	470,439	-
Pharmaceutical expense	226,576	138,147	92	13,453	84	74,800	226,576	-
Pharmaceutical expense (PAP only)	2,193,909	2,193,909	-	-	-	-	2,193,909	-
Other operating expense	15,691,043	5,574,773	1,305,920	2,883,205	859,781	5,067,364	15,691,043	-
Total expenditures	<u>\$ 105,554,944</u>	<u>\$ 35,563,678</u>	<u>\$ 9,687,265</u>	<u>\$ 27,334,358</u>	<u>\$ 8,588,984</u>	<u>\$ 24,380,659</u>	<u>\$ 105,554,944</u>	<u>\$ -</u>
Method of Finance								
General revenue - behavioral health	\$ 12,890,170	\$ 10,507,295	\$ 2,382,875	-	-	-	\$ 12,890,170	\$ -
General revenue - IDD	3,608,657	-	-	-	3,608,657	-	3,608,657	-
Mental Health Block Grant	2,394,868	1,453,178	941,690	-	-	-	2,394,868	-
Other federal - DADS	329,492	-	-	-	329,492	-	329,492	-
Other general revenue	7,050,624	5,622,604	766,840	661,180	-	-	7,050,624	-
Crisis services - mental health	8,700,724	-	-	8,700,724	-	-	8,700,724	-
Other state funds	4,919,878	617,021	-	-	4,775	4,298,082	4,919,878	-
Other federal funds	25,746,275	9,796,127	2,660,104	5,475,405	315,790	5,319,427	23,566,853	2,179,422
Earned income	6,843,311	609,062	90,737	47,721	3,308,479	2,787,312	6,843,311	-
Required local match	3,476,144	2,274,175	-	854,974	346,995	-	3,476,144	-
Additional local match	31,774,223	4,684,216	2,845,019	11,594,354	674,796	11,975,838	31,774,223	-
Total expended sources	<u>\$ 107,734,366</u>	<u>\$ 35,563,678</u>	<u>\$ 9,687,265</u>	<u>\$ 27,334,358</u>	<u>\$ 8,588,984</u>	<u>\$ 24,380,659</u>	<u>\$ 105,554,944</u>	<u>\$ 2,179,422</u>

Integral Care
Reconciliation of Total Revenues and Expenditures to Fourth Quarter Financial Report
(Unaudited)
Year Ended August 31, 2021

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
Local Revenues				
City funds	\$ 7,503,303	\$ -	\$ -	\$ 7,503,303
County funds	5,993,018	-	-	5,993,018
Other taxing authority funds	9,086,110	-	-	9,086,110
Earned income	8,490,281	-	-	8,490,281
Rental income	642,527	-	-	642,527
Miscellaneous income & contribution	3,787,754	-	-	3,787,754
Patient Assistance Programs	2,193,909	-	(2,193,909) (a)	-
Total local revenue	<u>37,696,902</u>	<u>-</u>	<u>(2,193,909)</u>	<u>35,502,993</u>
State Program Revenues				
HHSC - Mental Health	28,647,552	-	-	28,647,552
HHSC - substance use disorder	180,552	-	-	180,552
HHSC - IDD	3,604,688	-	-	3,604,688
TCOOMMI	2,132,995	-	-	2,132,995
Other state programs	150,826	-	-	150,826
Total state program revenues	<u>34,716,613</u>	<u>-</u>	<u>-</u>	<u>34,716,613</u>
Federal Program Revenues				
HHSC - Mental Health	5,518,781	-	-	5,518,781
HHSC - Substance use disorder	1,379,197	-	-	1,379,197
HHSC - IDD	329,492	-	-	329,492
City of Austin - Ryan White	330,694	-	-	330,694
City of Austin - CDBG - YAFAC	187,006	-	-	187,006
City of Austin - COVID Prolodges	268,853	-	-	268,853
HUD Supported Housing	438,611	-	-	438,611
Travis County - Parents in Recovery	68,958	-	-	68,958
Travis County - SAMSO (SAMHSA)	207,940	-	-	207,940
Travis County - CDBG CV	227,530	-	-	227,530
SAMHSA CCBHC	20,391	-	-	20,391
SAMHSA CHRP	247,443	-	-	247,443
SAMHSA MHAT	134,452	-	-	134,452
SAMHSA AOT	645,388	-	-	645,388
Del Valle ISD - VOCA	425,333	-	-	425,333
UTDMS SAMHSA	161,028	-	-	161,028
Veterans Administration - Safe Haven	762,641	-	-	762,641
Medicaid Administrative Claiming	3,267,055	-	-	3,267,055
1115 Transformation Waiver	20,691,337	-	-	20,691,337
Total federal program revenues	<u>35,312,129</u>	<u>-</u>	<u>-</u>	<u>35,312,129</u>
Investment Earnings	8,722	-	-	8,722
Total revenues	<u>\$ 107,734,366</u>	<u>\$ -</u>	<u>\$ (2,193,909)</u>	<u>\$ 105,540,457</u>

(a) Free medicine used

Integral Care
Reconciliation of Total Revenues and Expenditures to Fourth Quarter Financial Report
(Unaudited)
Year Ended August 31, 2021

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 53,752,000	\$ 6,794 (b)	\$ -	\$ 53,758,794
Employee benefits	13,074,213	-	-	13,074,213
Professional and consultant service	17,773,299	-	-	17,773,299
Training and travel	299,645	-	-	299,645
Debt service	321,100	-	-	321,100
Capital outlay	1,752,720	-	-	1,752,720
Non-capitalized equipment	470,439	-	-	470,439
Pharmaceutical expense	226,576	-	-	226,576
Pharmaceutical expense (PAP only)	2,193,909	-	(2,193,909) (a)	-
Other operating expense	15,691,043	-	-	15,691,043
	<u>\$ 105,554,944</u>	<u>\$ 6,794</u>	<u>\$ (2,193,909)</u>	<u>\$ 103,367,829</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, 2021

	Total Costs	Nonallowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	\$ 53,752,000	\$ -	\$ -	\$ 53,752,000	\$ 46,334,315	\$ 7,417,685
Employee benefits	13,074,213	-	-	13,074,213	11,400,158	1,674,055
Capital outlay	1,752,720	1,752,720	-	-	-	-
Depreciation	-	-	2,918,612	2,918,612	2,689,566	229,046
Other operating expenses	34,782,101	830,888	-	33,951,213	31,639,857	2,311,356
 Total expenditures	 <u>\$ 103,361,034</u>	 <u>\$ 2,583,608</u>	 <u>\$ 2,918,612</u>	 <u>\$ 103,696,038</u>	 <u>\$ 92,063,896</u>	 <u>\$ 11,632,142</u>
 Indirect cost						 11,632,142
Direct costs						 <u>92,063,896</u>
 Indirect cost rate						 <u>12.63%</u>

Integral Care
Schedule of Insurance in Force
(Unaudited)
Year Ended August 31, 2021

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Management Fund	9/1/20- 9/1/2021	Workers Compensation	Statutory
	9/1/20- 9/1/2021	General Liability	\$1,000,000 Combined Single Limit \$1,000 Deductible
	9/1/20- 9/1/2021	Errors & Omission	\$1,000,000 Per Claim \$3,000,000 Annual Aggregate \$25,000 Deductible
	9/1/20- 9/1/2021	Professional Liability	\$1,000,000 Per Claim \$3,000,000 Annual Aggregate \$10,000 Deductible
	9/1/20- 9/1/2021	Automobile Liability	\$1,000,000 Combined Single Limit
		Liability	Various
		Physical Damage	\$100k/\$300k Limits
		Uninsured/Underinsured	\$1,000,000 Combined Single Limit
	9/1/20- 9/1/2021	Excess Liability	\$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, 2021

Insurer	Policy Period	Coverage	Limits or Amounts	
American Bankers Insurance Company of Florida	2/18/20-2/18/21	Flood - Tahoe Trail-Building		
		1st Floor	\$250,000	
		Contents	\$19,800	
			Deductible	\$1,250
	10/1/20-10/1/21	Flood - Jones House Building		
		Contents	\$250,000	
		Deductible	\$100,000	
			Deductible	\$1,250
	11/28/20-11/28/21	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, 2021

Lessor	Location	Period Covered	Amount (\$ per month)
Property Leases			
Collier Properties LLC	1700 S. Lamar, Bldg. 1	12/1/2012 6/30/2022	\$ 28,067
	1701 S. Lamar, Suite 230	7/1/2013 6/30/2024	\$ 5,682
	1701 S. Lamar, Suite 240	7/1/2016 6/30/2022	\$ 7,322
	1701 S. Lamar, Suite 322	7/1/2016 6/30/2024	\$ 5,131
Travis County	502 E. Highland Mall	10/1/2021 9/30/2026	\$ 7,801
Sigland Properties II, Ltd	825 E. Rundberg Lane - Base Rent	2/1/2015 1/31/2022	\$ 28,337
2410 East Riverside Ltd	2410 E. Riverside, Suite G3	2/1/2015 1/31/2022	\$ 13,398
Boyd Austin I GSA LL	5015 South IH-35	12/15/2013 9/30/2026	\$ 54,965
Copiers and Printers			
Various	Various	Various	\$ 8,800
Other Rental Payments			
Iron Mountain		Month to Month	\$ 3,470
Safe Site, Inc.		Month to Month	\$ 1,764

Integral Care
Schedule of Bond Coverage
(Unaudited)
Year Ended August 31, 2021

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 01/16/2020 - 01/16/2021	Computer Privacy & Network Security Liability	2,000,000	50,000
	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, 2021

Name	Type of Service	Amount
TWG INVESTMENTS LTD	Crises Residential Center Staffing	\$ 2,270,055
UNIVERSITY OF TX AT AUSTIN	Clinical Svcs	739,458
STG DESIGN INC	Architect & Engineering Fees	554,771
CARMAHEALTH PLLC	Psychiatric Services	194,025
MERIDIAN PSYCHIATRIC SERVICES	Psychiatric Services	148,665
LOCUMTENENS.COM	Psychiatric Services	147,520
DOUBLETREE RESIDENTIAL SERVICES INC	Direct Care Services	124,902
WESTWAYS STAFFING SERVICES INC	Counselors/Nurse Staffing	113,671
MAINTENANCE & RECOVERY SERVICES	Clinical Svcs	112,082
EIDE BAILLY LLP	Accounting Services	106,675
MERIDELL ACHIEVEMENT CENTER	Trauma Informed Care Svcs	101,320
MEDICAL STAFFING NETWORK INC	Pharmacy Staffing	44,607
JSA HEALTH CORPORATION	Psychiatric Services	41,820
DUKE C GARWOOD ARCHITECTS INC	Architect & Engineering Fees	40,547
A TO Z HEALTHCARE SERVICES LLC	Healthcare Services Consultant	28,247
MIGL ENGINEERING & CONSULTING	Architect & Engineering Fees	26,633
LANDRUM COUNSELING AND CONSULTING PLLC	Therapy Services	15,641
COHNREZNICK	Accounting Services	13,725
MAYRA ROSALES M.ED LPC	Therapy Services	11,505
HARRISON PSYCHOLOGICAL SERVICES PLLC	Psychological Services	11,000
LABYRINTH COUNSELING	Therapy Services	10,540
DENIS TRESHOT FLYNN	Psychiatric Services	10,200
ALMA MENA	Bilingual Therapy	10,153
MAXWELL LOCKE & RITTER LLP	Accounting Services	10,000
MICHAEL D ROMERO LCSW	Therapy Services	7,855
MANOS DE CRISTO INC	Dental Services	7,608
MCFARLANE DENTAL	Dental Services	6,625
BILINGUAL COUNSELORS OF TEXAS	Therapy Services	5,735
APRIL L PHILLIPS LCSW	Therapy Services	5,585
CONNIE HEAPS LPC	Therapy Services	5,060
FRIEND OF A FRIEND YOUTH & FAMILY SERVICES	Direct Care Services	5,056
AUSTIN TRAUMA THERAPY CENTER	Therapy Services	4,505
OVERLAND CHILDREN & FAMILY SERVICES	Therapy Services	4,105
OWN YOUR HAPPINESS	Psychosocial Therapy	4,095
DENNIS GOEHRING DDS	Dental Services	4,075
DIANA VERDIN LPC	Therapy Services	3,930
AUSTIN DSG PLLC	Dental Services	3,805
ANIMAL-ASSISTED THERAPIST LLC	Psychotherapy Svcs	3,783
ANA MARIA CABEZAS LPC	Therapy Services	3,355
NRC BILINGUAL PSYCHOLOGICAL SERVICES, PLLC	Psychological Services	3,350
BENITA BONNIE HERNANDEZ	Client Medical Services	3,019
REBECCA ROTH PLLC	Therapy Services	2,975

Integral Care
 Schedule of Professional and Consulting Fees and Contracted Provider Services
 (Unaudited)
 Year Ended August 31, 2021

Name	Type of Service	Amount
COMPLETE THERAPIES LLC	Therapy Services	2,407
NEXUS RECOVERY CENTER INC	Therapy Services	2,210
SOUTH AUSTIN MICROENDODONTICS	Dental Services	2,032
SPECTRUM SOCIAL & RECREATIONAL SERVICES	Therapy Services	2,000
TX STATE OPTICAL OF CAPITAL PLAZA	Optical	1,920
LISA M LASATER PHD	Psychological Services	1,800
NICOLAS CARRASCO PHD	Therapy Services	1,600
DARA WESTON LCSW	Therapy Services	1,530
JERRY L STRICKLAND	Therapy Services	1,450
CRISTINA PECK LPC LMFTA	Therapy Services	1,403
ELIZABETH DEANDA LCSW	Therapy Services	1,025

Integral Care
Schedule of Legal Services
(Unaudited)
Year Ended August 31, 2021

Name	City	Type of Service	Amount
Taylor Olson Adkins Sralla & Elam LLP	Austin	General Legal Counsel	\$ 413
Husch Blackwell	Austin	General Legal Counsel	6,811
Kuperman Orr & Albers PC	Austin	General Legal Counsel	<u>2,750</u>
			<u>\$ 9,974</u>



Federal and State Award Section
August 31, 2021

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, 2021, 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 27, 2022.

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 27, 2022



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, 2021. 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.

The Center’s financial statements include the operations of the following component units: 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 expended \$5,417,580 in federal awards which is not included in the Center’s schedule of expenditures of federal awards during the year ended August 31, 2021. Our audit, described below, did not include the operations of the component units because the component units engaged other auditors to perform an audit of compliance.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and 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, 2021.

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 27, 2022

Integral Care
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2021

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	\$ 10,507,295	\$ -
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	111,835	-
Post Discharge Meds for Civil Commitments	HHS000612500001	2,275	-
Mental Health First Aid	HHS000017600002	18,800	-
Healthy Community Collaboratives (HCC)	2016-048882-001	3,191,197	178,643
Mental Health Grant for Justice-Involved Individuals (SB292)	HHS000134400011	2,500,000	-
Community Mental Health Grant Program (HB13)	HHS000149700015	772,095	-
PRSP Residency	2015-048734-001	27,963	-
Block Grant Homeless/Path - MH	HHS000231500016	16,210	-
Rider 39	HHS000740900004	6,341	-
COVID Inpatient	HHS000808200001	76,768	-
Total LMHA		<u>28,647,551</u>	<u>275,447</u>
Local IDD Authority (LIDDA)			
General Revenue - Intellectual & Developmental Disabilities	HHS000612500001	2,669,190	-
CLOIP	HHS000612500001	257,659	-
Permanency Planning	HHS000612500001	32,149	-
Crisis Intervention Specialists	HHS000612500001	206,230	-
Crisis Respite	HHS000612500001	86,404	-
Nursing Facility PASRR Service Coordination	HHS000612500001	3,054	-
Outpatient Learning Collaborative Carryover	HHS000776900003	70,704	-
Outpatient Learning Collaborative	HHS000776900003	279,295	-
Total LIDDA		<u>3,604,685</u>	<u>-</u>
Texas Health and Human Services Commission (Substance Abuse)			
Medication Assisted Treatment	HHS000663700146	137,355	-
Ambulatory Detox Outpatient Treatment for Adults (TRA)	HHS000663700221	3,469	-
Outpatient Treatment for Adults (TRA)	HHS000663700221	38,978	-
Total Texas Health and Human Services Commission (Substance Abuse)		<u>179,802</u>	<u>-</u>
Cancer Prevention and Research Institute of Texas (CPRIT)			
Passed through The University of Houston			
Taking Texas Tobacco Free	R-18-0043	21,584	-
Taking Texas Tobacco Free	R-20-0072	71,691	-
Taking Texas Tobacco Free	R-21-0037	45,208	-
Taking Texas Tobacco Free	R-21-0076	7,568	-
Total Cancer Prevention and Research Institute of Texas (CPRIT)		<u>146,051</u>	<u>-</u>
Total State Awards		<u>\$ 32,578,089</u>	<u>\$ 275,447</u>

Integral Care
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing/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	\$ 3,257,525	\$ -
ECI Medicaid Administrative Claiming	93.778	529-09-0032-00037A	9,529	-
Total CFDA 93.778 Medicaid Cluster			<u>3,267,054</u>	<u>-</u>
Passed through the Texas Health and Human Services Commission				
Money Follows the Person - Transition Support Team	93.791	HHS000612500001	257,518	-
Money Follows the Person - Enhanced Community Coordination	93.791	HHS000612500001	71,974	-
Total CFDA 93.791			<u>329,492</u>	<u>-</u>
Block Grant Homeless/PATH	93.150	HHS000231500016	524,133	-
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	70,259	-
Supportive Housing	93.958 (1)	HHS000612500001	10,176	-
Suicide Regional Expansion	93.958 (1)	HHS000502700001	647,689	-
Lifeline Expansion	93.243 (4)	HHS000790600003	613,672	-
Lifeline Expansion II	93.243 (4)	HHS000790600003 #2	23,145	-
COVID-19 Provider Relief Fund	93.498	HHS000612500001	29,391	-
Community MH Worker	93.959 (3)	HHS000780300001	696,000	-
Mental Health Block Grant - Consumer Operated Services	93.958 (1)	HHS000612500001	175,480	157,932
MHBG Coordinated Specialty Care	93.958 (1)	2016-049446-001	465,000	-
Passed through City of Austin				
Ryan White Title I Funds	93.914	NG170000042	314,703	-
COVID-19 Ryan White	93.914	NG170000042	15,991	-
Total CFDA 93.914			<u>330,694</u>	<u>-</u>
Passed through the Texas Health and Human Services Commission (Substance Abuse)				
Office Based Treatment	93.788 (2)	2018-050034-001	54,249	-
Medication Assisted Treatment	93.959 (3)	HHS000663700146	1,017,141	-
Ambulatory Detox Outpatient Treatment for Adults	93.959 (3)	HHS000663700221	3,024	-
Outpatient Treatment for Adults (TRA)	93.959 (3)	HHS000663700221	117,383	-
Co-Occurring Psychiatric and Substance Abuse Services	93.959 (3)	HHS000663700068	19,254	-
Passed through University of Texas San Antonio				
UT San Antonio OBOT	93.788 (2)	167340/42943-6	166,545	-

Integral Care
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing/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	\$ 20,391	\$ -
SAMHSA Assistive Outpatient Treatment	93.997	1H79SM082924-01	645,388	-
Clinical High Risk Psychosis	93.243 (4)	1H79SM081187-01	247,443	-
Mental Health Awareness Training	93.243 (4)	1H79SM081224-01	134,452	18,684
			<u>1,047,674</u>	<u>18,684</u>
Passed through Dell Medical School and University of Texas at Austin				
National Institutes of Health	93.242	R01MH124965	4,646	-
SAMHSA A Community-Based Integrative Dual Disorders Treatment Intervention for Individuals Experiencing Homelessness in Austin, TX	93.243 (4)	1H79SM080714-01	156,382	-
			<u>161,028</u>	<u>-</u>
Passed through Travis County				
Managed Services Organization SAMHSA Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse -System of Care	93.243 (4)	4400004025	207,940	-
	93.087	4400003965 Mod#4	68,959	-
Total U.S. Department of Health and Human Services			<u>12,264,770</u>	<u>157,932</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	2,086	-
COVID-19 Disaster Crisis Counseling Program RSP	97.032	HHS000434500032-4485 RSP	78,595	-
Total U.S. Department of Homeland Security			<u>80,681</u>	<u>-</u>
U.S. Department of Justice				
Passed through Del Valle ISD				
Del Valle ISD VOCA	16.575	2019-2020 QMHP MOU	425,333	-
Total U.S. Department of Justice			<u>425,333</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed through Travis County				
COVID-19 CDBG COVID	14.228	CDBG-CV	227,530	-
Direct Award				
Continuum of Care Program - HUD Fresh Start	14.267	TX0374L6J031805	438,611	-
Total CCP - HUD Fresh Start			<u>438,611</u>	<u>-</u>
Passed through City of Austin				
Community Development Block Grant - YAFAC	14.218	NG170000008	187,006	-
Total CDBG - Entitlement Grants Cluster			<u>187,006</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>853,147</u>	<u>-</u>
Total federal awards			<u>\$ 13,623,931</u>	<u>\$ 176,616</u>
Total state and federal awards			<u>\$ 46,202,020</u>	<u>\$ 452,063</u>

(1) Total for CFDA 93.958	\$ 2,918,881
(2) Total for CFDA 93.788	220,794
(3) Total for CFDA 93.959	1,852,802
(4) Total for CFDA 93.243	1,383,034

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.

The Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Federal Financial Assistance Listing/CFDA #93.498) during the year ended August 31, 2020. The Center incurred eligible expenditures and, therefore, recognized revenues totaling \$576,060 for the year ended August 31, 2020, on the financial statements. In accordance with the compliance supplement addendum, the PRF expenditures recognized on the schedule are based on the reporting to HHS for the calendar year ending December 31, 2020, as required under the PRF program.

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	\$ 32,578,089
TCOOMMI	2,132,995
TRC Fees Billed	4,775
Other	754
	<u>34,716,613</u>
State revenues per basic financial statements	<u>\$ 34,716,613</u>
Federal expenditures per SESFA	\$ 13,623,931
1115 Transformation Waiver	20,691,337
Veterans Administration	762,641
COA Prolodges	268,853
CARES Provider Funds received prior to June 30, 2020	(29,391)
Other	(5,242)
	<u>35,312,129</u>
Federal revenues per basic financial statements	<u>\$ 35,312,129</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:

- Federal Financial Assistance Listing/CFDA Number
 93.778 – Medical Assistance Program (Medicaid Cluster)
 93.958 – Mental Health Block Grant
- State General Revenue:
 Behavioral Health (Mental Health Adult and Crisis, Mental Health Child, PESC, PPB)
 Intellectual & Developmental Disabilities

Dollar threshold used to distinguish between type A and type B programs?
 Federal awards \$ 750,000
 State awards \$ 977,343

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.