Integral Care

Financial Statements
August 31, 2023

CERTIFICATE OF BOARD APPROVAL

I, Patricia Young Brown, Chairperson of the Board of Trustees of Integral Care, hereby certify that this accompanying audit report for fiscal year 2023 from Eide Bailly LLP was reviewed and approved at a meeting of the Executive Committee of the Board of Trustees held on the 29th day of February, 2024.

Patricia A. Young Brown

Chairperson, Board of Trustees

2/29/2024

Date

LISTING OF OFFICIALS

BOARD OF TRUSTEES

Officers

Patricia Young Brown – Chairperson
Emmitt Hayes – Vice Chair
Deborah Smith – Secretary/Treasurer

Members

Stephanie Bazan
H. Ed Calahan
Sarah Churchill Llamas
Hal Katz
Ann Kitchen
Guadalupe Zamora, M.D.
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Key Officers

David Evans	Chief Executive Officer
Lisa Laky	General Counsel
Dawn Handley	Chief Operations Officer
Louise Lynch	Provider Network & Authority Officer
Kathleen Casey	Chief Strategy Officer
Ken Winston	Director of IDD Services
Marisa Malik	Director of Practice Management, Crisis, Criminal Justice and Substance Use Treatment Services
Mesha Barnes	Executive Manager
Marlene Buchanan	Director of System of Care
Brittany Whittington	Director of Accountable Care Systems
Ziyad Nuwayhid	Medical Director

Independent Auditor's Report

To the Board of Trustees
Integral Care
Austin, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Integral Care (the Center) as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the reports of other auditors, the accompanying 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, 2023, 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.

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 80.85%, 78.81% and 95.95%, respectively, of the assets, net position and revenues of the business-type activities and 85.92%, 84.34% and 95.62%, respectively, of the assets, net position and revenues of the Integral Care 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards.* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 3 to the financial statements, the Center has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements,* for the year ended August 31, 2023. As a result of implementing the standard there was no effect on governmental activities' beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying schedule of expenditures of state and federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Par 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Texas Grant Management Standards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the basic 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Eide Bailly LLP

Abilene, Texas
February 12, 2024

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, 2023.

FINANCIAL HIGHLIGHTS

- The assets of Integral Care exceeded its liabilities at the close of the most recent fiscal year by $73,022,770 (net position). Of this amount, $32,148,717 unrestricted net position) may be used to meet Integral Care's ongoing obligations.
- Integral Care's total government-wide net position increased by $1,416,369 in fiscal year 2023. Of that, Integral Care's governmental operations resulted in an increase in net position of $1,650,466. Integral Care Foundation had a decrease in net position of $234,097 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 $34,287,288, a decrease of $2,583,448 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 $20,771,116, 14.6% 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 *Integral Care 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 19-20 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 21-25 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 Integral Care Foundation and Housing First, LLC.

The basic proprietary fund financial statements can be found on pages 26-28 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 29-51 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 Texas Health and Human Services Commission. This information can be found on pages 52-62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Integral Care, assets exceeded liabilities by $73,022,770 at the close of the most recent fiscal year.

Approximately 53.9% of Integral Care's net position reflect its net investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, right of use lease or subscription IT asset net of accumulated depreciation and amortization), 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 44.03% portion of Integral Care's net position represents unrestricted financial resources available for future operations.

The remaining 2.05% balance of Integral Care's net position represents resources restricted by the terms of the permanent endowment (0.55%) and the stabilization reserve (1.50%).

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	8/31/2023	8/31/2022	8/31/2023	8/31/2022	8/31/2023	8/31/2022
Current assets	$ 42,873,434	$ 41,889,536	$ 916,067	$ 967,251	$ 43,789,501	$ 42,856,787
Noncurrent assets, restated	67,931,852	57,598,422	4,196,950	4,147,029	72,128,802	61,745,451
Total assets	110,805,286	99,487,958	5,113,017	5,114,280	115,918,303	104,602,238
Current liabilities, restated	17,821,450	14,661,982	513,324	280,489	18,334,774	14,942,471
Noncurrent liabilities	24,560,759	18,053,365	-	-	24,560,759	18,053,365
Total liabilities	42,382,209	32,715,347	513,324	280,489	42,895,533	32,995,836
Net Position						
Net investment in capital assets	35,581,673	30,833,152	3,794,594	3,768,206	39,376,267	34,601,358
Restricted for stabilization reserve	1,095,430	1,095,430	-	-	1,095,430	1,095,430
Restricted for permanent endowment - nonspendable	-	-	402,356	378,823	402,356	378,823
Unrestricted	31,745,974	34,844,029	402,743	686,762	32,148,717	35,530,791
Total net position	$ 68,423,077	$ 66,772,611	$ 4,599,693	$ 4,833,791	$ 73,022,770	$ 71,606,402

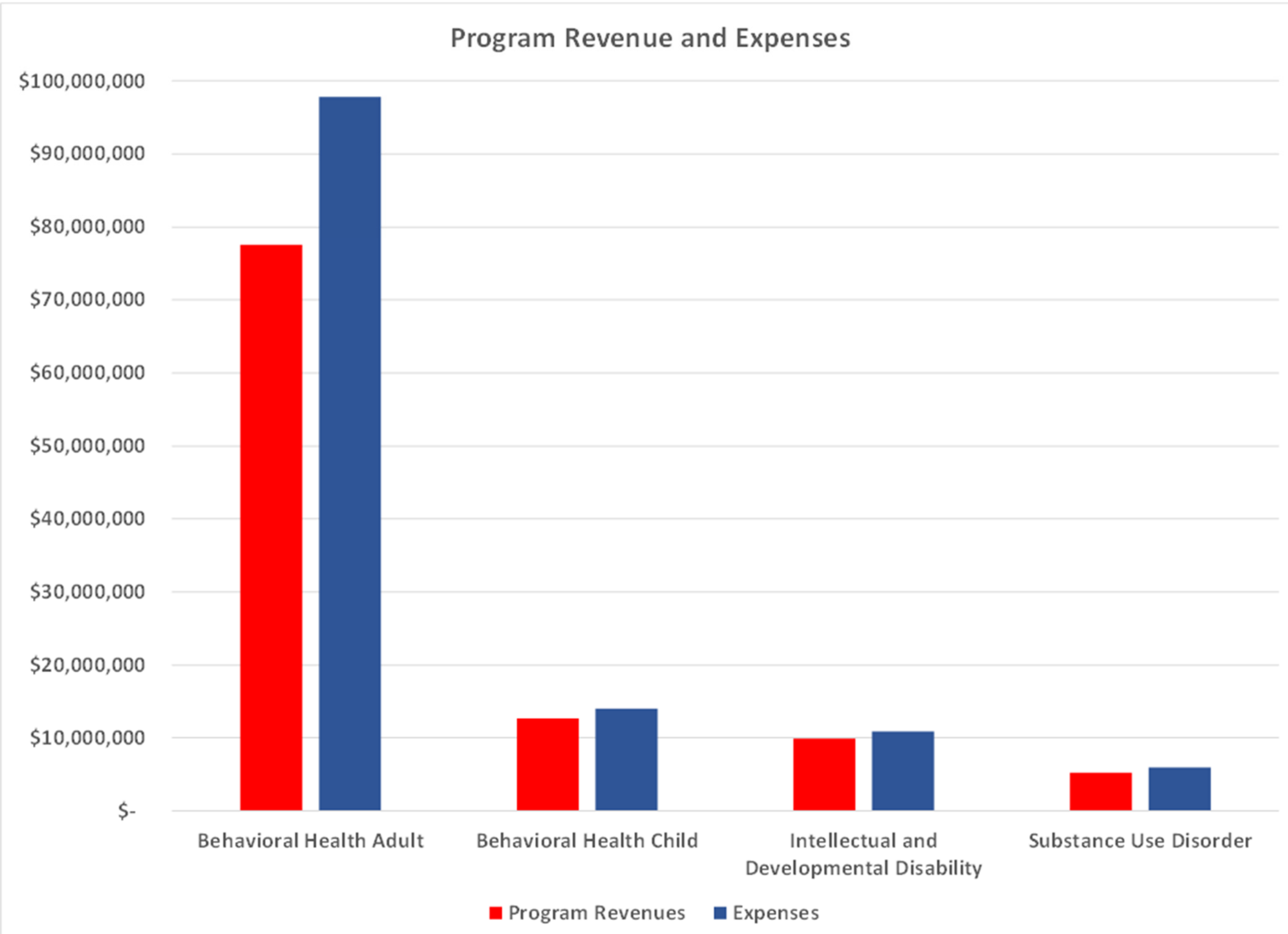
Governmental Activities. Governmental activities increased Integral Care's net position by $1,650,466. Key elements of the increase are as follows on the next page. The prior year noncurrent assets and current liabilities were restated to include right to use subscription IT assets and subscription IT liabilities as a result of implementation of Governmental Accounting Standards Board Statement (GASB) No. 96, *Subscription-based Information Technology Arrangements*.

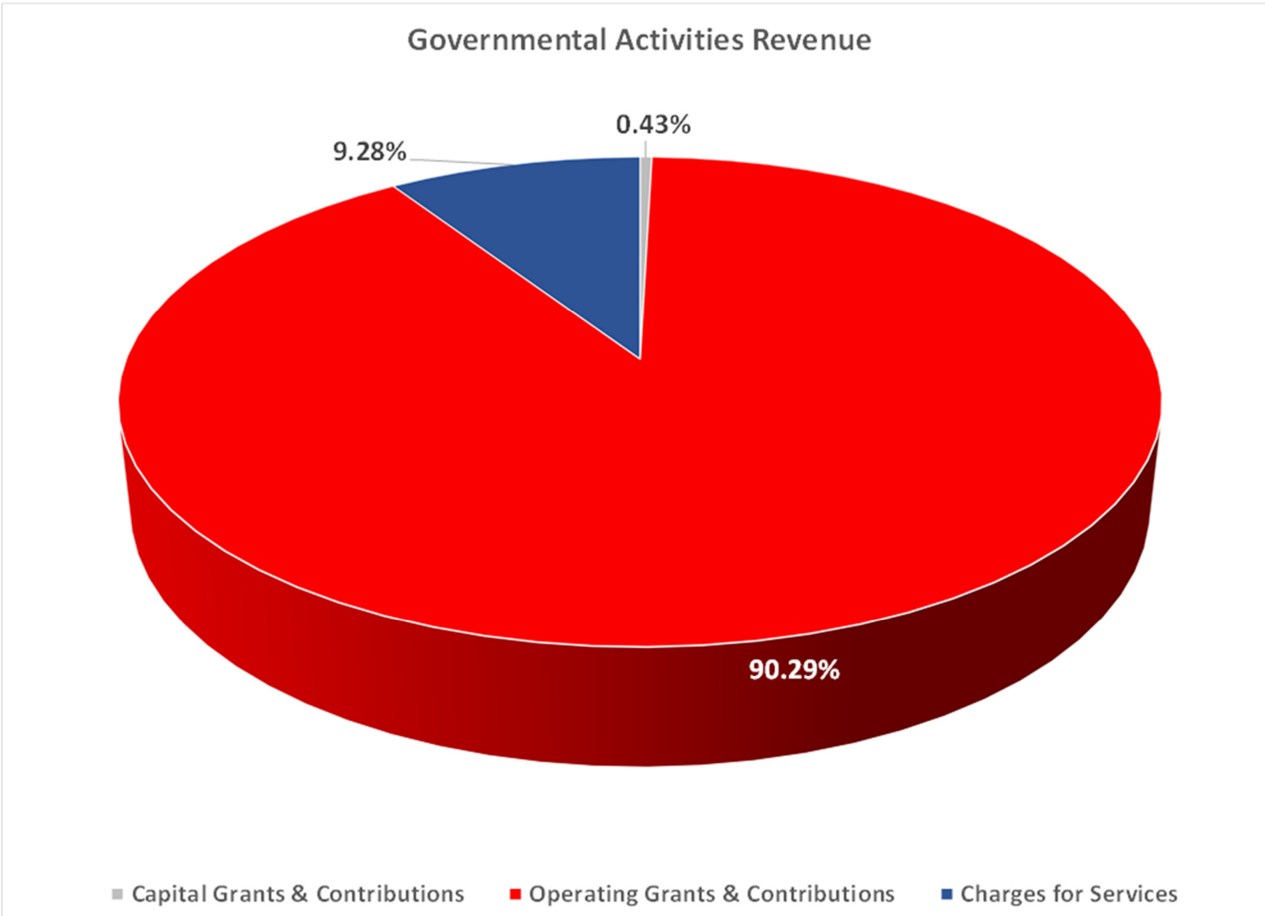
	Governmental Activities		Business-Type Activities		Total	
	8/31/2023	8/31/2022	8/31/2023	8/31/2022	8/31/2023	8/31/2022
Revenues						
Program revenues						
Charges for services	$ 9,765,776	$ 11,039,300	$ -	$ -	$ 9,765,776	$ 11,039,300
Operating grants and contributions	95,068,612	101,064,469	-	-	95,068,612	101,064,469
Capital grants and contributions	454,450	394,573	-	-	454,450	394,573
General revenues						
Charity Cost Pool	23,112,975	-	-	-	23,112,975	-
Special Claims Revenue	-	-	81,500	-	81,500	-
Gain on sale of property	1,609,165	-	-	-	1,609,165	-
Unrestricted interest earnings	898,467	124,301	33,821	(41,218)	932,288	83,083
Other income						
Property revenues	-	-	872,587	886,324	872,587	886,324
Other	-	-	70,783	26,224	70,783	26,224
Total revenues	130,909,445	112,622,643	1,058,691	871,330	131,968,136	113,493,973
Expenses						
Behavioral health adult	97,799,230	85,896,605	-	-	97,799,230	85,896,605
Behavioral health child	14,026,837	13,303,895	-	-	14,026,837	13,303,895
Intellectual & developmental disabilities	10,844,232	9,461,034	-	-	10,844,232	9,461,034
Substance use disorder	5,925,694	5,945,678	-	-	5,925,694	5,945,678
Interest and fees on long-term debt	662,986	633,184	-	-	662,986	633,184
Integral Care Foundation	-	-	1,292,788	1,119,614	1,292,788	1,119,614
Housing First, LLC	-	-	-	105	-	105
Total expenses	129,258,979	115,240,396	1,292,788	1,119,719	130,551,767	116,360,115
(Decrease) Increase in Net Position	1,650,466	(2,617,753)	(234,097)	(248,389)	1,416,369	(2,866,142)
Net Position, Fiscal Year Beginning	66,772,611	69,390,364	4,833,790	5,082,179	71,606,401	74,472,543
Net Position, Fiscal Year End	$ 68,423,077	$ 66,772,611	$ 4,599,693	$ 4,833,790	$ 73,022,770	$ 71,606,401

Business-Type Activities

Integral Care generated $943,370 in revenue from Integral Care's business-type activities. Total expenses were $1,292,788. Net position decreased by $234,097 to $4,599,693.

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 21, reported a *combined* fund balance of $34,287,288, which is a decrease of $2,583,448 from last year's total of $36,870,736.

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 $20,771,116 while the total fund balance decreased to $34,287,288. 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 14.62% of the total General Fund expenditures.

Integral Care continued participation in the Patient Assistance Program with a dispense value of $1,822,477 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 Integral Care Foundation had a $234,097 decrease in net position in fiscal year 2023, compared to a decrease of $248,281 in 2022. Housing First, LLC had no change in net position in fiscal year 2023, compared to a $105 decrease in net position in fiscal year 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budgeted revenue plus other financing sources was equal to $149,453,524. Over the course of the year, the budgeted revenue plus other financing sources changed to $154,892,019. This increase in budget of $5,438,495 can be summarized as follows:

Major Budget Amendments:

PHP Charity Care Pool - EFMAP	$ 2,112,974
HHSC Capacity Expansion/ARPA	1,213,417
HHSC MH - Lifeline Expansion Planning	899,917
City of Austin Rapid Rehousing	720,675
Interest Income	614,805
City of Austin - Tenant Based Permanent Supported Housing	562,180
Veterans Administration Safe Haven	322,258
All Other Amendments each < $100K	308,820
Texas Veteran's Commission	260,000
Travis County - Expanded Mobile Crisis Outreach Team (EMCOT)	253,397
HHSC IDD ARPA	236,172
Travis County - System of Care	212,550
Travis County - Assertive Community Treatment (ACT)	204,941
Travis County - Substance Abuse Disorder MSO General Fund	194,961
MD Anderson CPRIT FQHC	187,427
Reserve - Unearned Cost Reimbursement	174,610
Travis County - Targeted Behavioral Health - American Rescue Plan Act (ARPA)	139,167
City of Austin Housing Opportunities for Persons with AIDS (HOPWA)	135,328
City of Austin - Behavioral Health Community Health Worker Services	124,967
DADS Crisis Respite	115,826
Travis County Correctional Complex	110,988
City of Austin - Manor Road Renovations	100,000
City of Austin Homeless-Support SSI/SSDI Outreach, Access, and Recovery (SOAR)	100,000
Central Health - Inpatient / Crisis Respite	100,000
City of Austin - Northbridge	99,000
Travis County - IDD Crisis Respite	86,189

Travis County - Jail-Based Intake & Care Navigation	84,648
Travis County - Families With Voices	79,499
Travis County - Intensive Mobile Crisis Outreach Team Services for Children and Families	49,458
Travis County - Expanded Mobile Crisis Outreach Team 911 (EMCOT 911)	44,823
Travis County - IDD In-Home Respite	40,073
Travis County - Community Competency Restoration Program Expansion	37,790
Travis County - IDD Intake & Enrollment	26,435
Travis County - Parenting in Recovery	22,241
St. David's Foundation - Herman Center	12,517
Travis County - Safe Landing	10,066
Reserve - Unearned FFS Contract Max	2,646
City of Austin - Bridge to Recovery	(88,676)
Travis County Juvenile Probation	(120,000)
Front Steps MOU - Southbridge Shelter	(136,856)
Travis County - Substance Abuse Disorder MSO Family Drug Treatment Court	(167,088)
University of Houston CPRIT FQHC	(186,726)
City of Austin Homeless Outreach Street Team Services (HOST)-funding reduction	(188,204)
City of Austin - Northbridge	(366,297)
City of Austin Assertive Community Treatment (ACT)	(693,517)
City of Austin - Rapid Rehousing	(755,168)
Fund Balance Reserve	(1,859,738)
	$ 5,438,495

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:

The primary reasons for the earned income variance dealt with staffing and engagement challenges. Although billable services did continue, the residue of the pandemic caused an extended reduction of services provided compared to years before COVID 19. In addition, during the pandemic, the change of service delivery modalities to telehealth and telephone created additional challenges in keeping individuals engaged in a service long enough to meet the minimal threshold per billing guidelines.

During the Public Health Emergency, the Centers for Medicaid and Medicare Services has continued to pay 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 FY23. The enhanced portion of the FMAP received by Integral Care during FY23 amounted to approximately $2 million.

Regarding 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.

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, 2023, amounts to $61,547,583 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, equipment, leased assets and subscription IT assets. The prior year capital assets were restated to include leased assets under GASB 96.

Capital Assets (Net of Accumulated Depreciation and Amortization)

	Governmental Activities		Business-Type Activities		Total	
	8/31/2023	8/31/2022, Restated	8/31/2023	8/31/2022	8/31/2023	8/31/2022
Land, buildings and construction in progress	$ 72,237,004	$ 58,861,975	$ 6,952,612	$ 6,749,311	$ 79,189,616	$ 65,611,286
Furniture and equipment	9,426,871	9,426,871	167,985	167,985	9,594,856	9,594,856
Vehicles	1,250,370	1,087,719	-	-	1,250,370	1,087,719
Less accumulated depreciation	(28,026,909)	(26,405,106)	(3,326,003)	(3,149,090)	(31,352,912)	(29,554,196)
Right to use leased assets	4,623,392	6,183,279	-	-	4,623,392	6,183,279
Less accumulated amortization	(1,821,361)	(1,869,450)	-	-	(1,821,361)	(1,869,450)
Right to use subscription IT assets	134,271	134,271	-	-	134,271	134,271
Less accumulated amortization	(70,649)	-	-	-	(70,649)	-
	$ 57,752,989	$ 47,419,559	$ 3,794,594	$ 3,768,206	$ 61,547,583	$ 51,187,765

Additional information regarding Integral Care's capital assets can be found at Note 12 titled "Capital Assets" on pages 43-44 of this report.

Long-term debt. The Center has a liability of $12,947,900 for the loan with Frost Bank received in April 2020, and a liability of $8,498,147 for the loan with Frost Bank received in March 2022. Lease liabilities total $2,974,062 at August 31, 2023.

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 2024 amended budget of $141,171,143 is a total decrease of $11,440,876, from the final fiscal year 2023 budget of $152,612,109.

Major Budget Changes include the following:

Central Health BH Services	$ 7,000,000
DSHS In Patient Public Private Beds	4,899,461
Lifeline Expansion Planning	2,468,506
Reserve - Unearned Cost Reimbursement	1,748,849
City of Austin Burnet Rd Renovation	769,691
City of Austin ACT 1115	750,133
DSHS Substance Abuse TRA Oaksprings	616,055
Medicaid Administrative Claiming	400,000
SAMHSA Zero Suicide Cohort 5	400,000
HHSC Bridge to Star Plus	345,036
Episcopal Health Foundation	258,708
County - Provider Claims	257,380
Home Depot Foundation	250,000
HHSC Adult Mental Health - Maintenance of Critical Services	246,704
All Other (Less than $ 100k)	177,117
Travis County Youth Mental Health First Aid	170,000
Private Insurance	117,291
DSHS Substance Abuse Ambulatory Detox	100,930
Travis County System of Care	(102,527)
Fee For Service	(103,357)
DADS Crisis Respite	(115,826)
Interest Income	(124,805)
Travis County American Rescue Plan Act	(139,167)
DSHS SA Co-Occurring Psychiatric and Substance Use Disorder	(140,000)
City of Austin Path Expansion II	(150,000)
SAMSO Medication-Assisted Treatment	(150,000)
UT Dell Medical School SAMHSA	(165,808)
DSHS IDD American Rescue Plan Act	(167,701)
St. David's Foundation - Herman Center	(190,641)
City of Austin DACC Homeless Encampment Assistance Link	(211,796)
City of Austin Homeless Outreach Street Team Services	(223,425)

TX Medications for Opioid Use Disorder		(504,295)
City of Austin Rapid ReHousing		(798,502)
Direct Payment Program - Component 2		(1,040,206)
SAMHSA Community Mental Health Clinic		(1,300,720)
HHSC Block Grant Supportive Housing		(1,905,608)
SAMHSA Certified Community Behavioral Health Clinic		(1,999,999)
Direct Payment Program - Component 1		(2,088,511)
Reserve - Unearned FFS Contract Maximum		(3,282,315)
Frost Bank Renovation Loan		(8,398,554)
PHP Charity Care Pool		(9,112,974)
Total Fiscal Year 2022 to 2023 Budget Change	$	(11,440,876)

The major budget issues that impact the 2024 budget:

- Integral Care has implemented a Facility Master Plan. As part of the plan, Integral Care has continued to move toward purchase and renovation of facilities with the debt service replacing the ongoing lease payments Integral Care has been incurring. The $8.4 Million reduction in renovation loan is due to the funding being a one time source of funds.

- The Center for Medicare and Medicaid Services (CMS) has authorized through the State of Texas Health and Human Services Commission (HHSC) for participating community centers, including Integral Care, the 1115 Transformation Waiver Delivery System Reform Incentive Payment (DSRIP) program, which has been replaced with a Direct Payment Program Behavioral Health Services (DPP-BHS) and a Public Health Provider Charity Care Pool (PHP-CCP). The waiver has been extended for another 10 years. The $9Million budgeted reduction in PHP-CCP is due to estimating the change in the PHP-CCP no longer including Medicaid shortfall within costs eligible for reimbursement.

- Integral Care has several new contract awards for Fiscal Year 2024. These are listed in the Fiscal Year 2023 to 2024 Budget Changes listed above. The volume of the new awards coupled with the ongoing workforce challenges that began with the COVID pandemic will present challenges acquiring and onboarding necessary workforce to meet the scope of work for each of the contracts.

- The $7Million Central Health Behavioral Health Services funding is available based on services delivered to uninsured indigent individuals to assist Integral Care with the transition of funding within the PHP-CCP.

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.

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and investments	$ 21,431,136	$ 682,449	$ 22,113,585
Restricted cash	2,248,794	-	2,248,794
Accounts receivable	641,514	224,087	865,601
Employee receivables, net	154,666	-	154,666
Due from other governments, net	16,525,120	-	16,525,120
DPP IGT deposit	990,407	-	990,407
Prepaid expenses and other assets	881,797	9,531	891,328
Total current assets	42,873,434	916,067	43,789,501
Noncurrent Assets			
Restricted assets			
Investment in Austin Community Fdn	-	402,356	402,356
Investment in Housing First Oak Springs, LP	1,095,430	-	1,095,430
Notes receivable	9,083,433	-	9,083,433
Capital assets, net			
Nondepreciable assets	2,815,469	530,700	3,346,169
Depreciable assets	52,071,867	3,263,894	55,335,761
Right to use leased assets	2,802,031		2,802,031
Right to use subscription IT assets	63,622	-	63,622
Total noncurrent assets	67,931,852	4,196,950	72,128,802
Total assets	110,805,286	5,113,017	115,918,303
Liabilities			
Current Liabilities			
Accounts payable	8,127,076	138,912	8,265,988
Accrued expenses and other liabilities	2,293,122	189,016	2,482,138
Internal balances	(181,023)	181,023	-
Unearned revenue	5,807,784	4,373	5,812,157
Leases payable - due within one year	884,508	-	884,508
Notes payable - due within one year	889,983	-	889,983
Total current liabilities	17,821,450	513,324	18,334,774
Noncurrent Liabilities			
Leases payable - due in more than one year	2,089,555	-	2,089,555
Notes payable - due in more than one year	20,556,064	-	20,556,064
Accrued compensated absences - due in more than one year	1,915,140	-	1,915,140
Total noncurrent liabilities	24,560,759	-	24,560,759
Total liabilities	42,382,209	513,324	42,895,533
Net Position			
Net investment in capital assets	35,581,673	3,794,594	39,376,267
Restricted for stabilization reserve	1,095,430	-	1,095,430
Restricted for permanent endowment - nonexpendable	-	402,356	402,356
Unrestricted	31,745,974	402,743	32,148,717
Total net position	$ 68,423,077	$ 4,599,693	$ 73,022,770

	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	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities									
Behavioral health - adult	$ 86,888,955	$ 10,910,275	$ 97,799,230	$ 3,591,723	$ 73,493,043	$ 454,450	$ (20,260,014)	$ -	$ (20,260,014)
Behavioral health - children	12,472,497	1,554,340	14,026,837	2,223,960	10,415,674	-	(1,387,203)	-	(1,387,203)
Intellectual & developmental disabilities	9,619,221	1,225,011	10,844,232	1,919,208	7,948,909	-	(976,115)	-	(976,115)
Substance use disorder	5,269,261	656,433	5,925,694	2,030,885	3,210,986	-	(683,823)	-	(683,823)
Administration	14,346,059	(14,346,059)	-	-	-	-	-	-	-
Interest and fees on debt	662,986	-	662,986	-	-	-	(662,986)	-	(662,986)
Total governmental activities	129,258,979	-	129,258,979	9,765,776	95,068,612	454,450	(23,970,141)	-	(23,970,141)
Business-Type Activities									
Integral Care Foundation	1,292,788	-	1,292,788	872,587	70,783	-	-	(349,418)	(349,418)
Housing First, LLC	-	-	-	-	-	-	-	-	-
Total business-type activities	1,292,788	-	1,292,788	872,587	70,783	-	-	(349,418)	(349,418)
Total primary government	$ 130,551,767	$ -	$ 130,551,767	$ 10,638,363	$ 95,139,395	$ 454,450	(23,970,141)	(349,418)	(24,319,559)
			General Revenues						
			Charity Cost Pool				23,112,975	-	23,112,975
			Special Claims Revenue				-	81,500	81,500
			Gain on sale of property				1,609,165	-	1,609,165
			Investment earnings (loss)				898,467	33,821	932,288
			Total general revenues				25,620,607	115,321	25,735,928
			Change in Net Position				1,650,466	(234,097)	1,416,369
			Net Position, Beginning				66,772,611	4,833,790	71,606,401
			Net Position, Ending				$ 68,423,077	$ 4,599,693	$ 73,022,770

	General	Total Governmental Funds
Assets		
Cash and investments	$ 21,431,136	$ 21,431,136
Restricted cash	2,248,794	2,248,794
Related Party Accounts receivable	641,514	641,514
Employee receivables, net	154,666	154,666
Due from other governments, net	16,525,120	16,525,120
Due from other funds	181,023	181,023
DPP IGT deposit	990,407	990,407
Prepaid items	881,797	881,797
Investment in Housing First Oak Springs, LP	1,095,430	1,095,430
Notes receivable	6,365,384	6,365,384
Total assets	$ 50,515,271	$ 50,515,271
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 8,127,077	$ 8,127,077
Accrued expenditures and other liabilities	2,293,122	2,293,122
Unearned revenues	5,807,784	5,807,784
Total liabilities	16,227,983	16,227,983
Fund Balances		
Nonspendable	7,247,181	7,247,181
Restricted	1,095,430	1,095,430
Committed	3,258,421	3,258,421
Assigned	1,915,140	1,915,140
Unassigned	20,771,116	20,771,116
Total fund balances	34,287,288	34,287,288
Total liabilities and fund balances	$ 50,515,271	

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	57,752,989
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:	
Leases payable	(2,974,062)
Notes Payable	(21,446,047)
Accrued compensated absences	(1,915,140)
Net position of governmental activities	$ 68,423,077

	General	Total Governmental Funds
Revenues		
Local and earned revenues	$ 40,131,197	$ 40,131,197
State programs	34,468,199	34,468,199
Federal programs	53,802,417	53,802,417
Investment earnings	898,467	898,467
Total revenues	129,300,280	129,300,280
Expenditures		
Current		
Behavioral health - adult	84,159,604	84,159,604
Behavioral health - children	12,210,012	12,210,012
Intellectual and developmental disabilities	9,426,340	9,426,340
Substance use disorder	5,081,439	5,081,439
Administration	14,087,925	14,087,925
Debt service		
Principal	2,182,368	2,182,368
Interest	662,986	662,986
Capital outlay	14,256,494	14,256,494
Total expenditures	142,067,168	142,067,168
(Deficiency) Excess of Revenues over Expenditures	(12,766,888)	(12,766,888)
Other Financing Sources (Uses)		
Proceeds from sale of property	1,784,886	1,784,886
Proceeds from Frost Bank loan	8,398,554	8,398,554
Total other financing sources (uses)	10,183,440	10,183,440
Net Change in Fund Balances	(2,583,448)	(2,583,448)
Fund Balances, September 1, 2022	36,870,736	36,870,736
Fund Balances, August 31, 2023	$ 34,287,288	$ 34,287,288

Net change in fund balance - total governmental funds	$ (2,583,448)
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	14,256,494
Depreciation and amortization expense	(3,747,343)
Proceeds are reported as financing sources in the governmental funds but only the gain on capital assets is reported in the statement of activities. This is the net effect of proceeds of $1,784,866 and the gain recorded on the statement of activities.	(175,722)
Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount includes $580,704 in loan payments and $1,467,393 in lease and $134,271 in subscription IT principal payments.	2,182,368
Governmental funds report debt proceeds as financing sources when debt is first issued, whereas these are reported as long-term liabilities in the statement of net position. The net effect of reclassing loan proceeds ($8,398,554) is to decrease net position.	(8,398,554)
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	116,671
Change in net position of governmental activities	$ 1,650,466

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Local and Earned Revenues				
City funds	$ 14,779,134	$ 14,675,069	$ 10,713,993	$ (3,961,076)
County funds	11,398,245	12,989,372	9,558,702	(3,430,670)
Other taxing authority funds	8,517,843	8,617,843	8,254,762	(363,081)
Earned income	8,037,226	7,160,563	7,205,134	44,571
Rental income	607,805	607,805	400,407	(207,398)
Miscellaneous income & contributions	7,552,135	5,764,100	3,998,199	(1,765,901)
Total local revenues	50,892,388	49,814,752	40,131,197	(9,683,555)
State Program Revenues				
HHSC - Mental Health	28,823,413	28,823,413	28,293,001	(530,412)
HHSC - IDD	3,770,471	4,287,585	3,767,537	(520,048)
TCOOMMI	2,172,932	2,094,104	2,346,000	251,896
Other state programs	334,200	147,474	61,661	(85,813)
Total state program revenues	35,101,016	35,352,576	34,468,199	(884,377)
Federal Program Revenues				
City of Austin - Ryan White	383,121	364,920	361,001	(3,919)
City of Austin - CDBG - YAFAC	188,490	196,179	197,199	1,020
City of Austin - Prolodges	-	-	24,271	24,271
Travis County - Parents in Recovery	54,231	78,454	83,973	5,519
Travis County - SAMSO (SAMHSA)	218,609	51,521	51,531	10
Travis County - CSLFRF	-	139,167	10,893	(128,274)
HHSC - Mental Health	11,376,839	14,428,638	12,541,058	(1,887,580)
HHSC - Substance use disorder	3,164,803	3,164,803	1,350,333	(1,814,470)
HHSC - IDD	513,704	560,404	476,860	(83,544)
TDHCA Housing Stability	778,907	863,872	433,731	(430,141)
HUD Supported Housing	497,756	491,316	475,264	(16,052)
SAMHSA CCBHC	1,999,999	1,999,999	1,677,220	(322,779)
SAMHSA CHRP	400,000	400,000	195,497	(204,503)
SAMHSA MHAT	125,000	157,800	166,815	9,015
SAMHSA CMHC	2,500,000	2,500,000	2,096,826	(403,174)
SAMHSA AOT	1,000,000	1,000,000	1,025,451	25,451
Del Valle ISD - VOCA	375,000	375,000	324,394	(50,606)
UTDMS SAMHSA	209,942	209,942	167,331	(42,611)
UTDMS First	21,102	28,839	14,192	(14,647)
UTDMS EPINET	24,988	24,988	20,815	(4,173)
UTDMS Addiction Fellowship	26,655	26,655	-	(26,655)
Veterans Administration - Safe Haven	892,425	1,214,683	885,962	(328,721)
Medicaid Administrative Claiming	3,400,000	3,400,000	3,903,076	503,076
Charity Care Pool	21,000,000	23,112,974	23,112,975	1
Directed Payment Program-Comp 1	3,842,266	3,842,266	2,770,975	(1,071,291)
Directed Payment Program-Comp 2	2,068,912	2,068,912	1,434,774	(634,138)
Total federal program revenues	55,062,749	60,701,332	53,802,417	(6,898,915)
Investment Earnings	10,000	624,805	898,467	273,662
Total revenues	$ 141,066,153	$ 146,493,465	$ 129,300,280	$ (17,193,185)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current				
Personnel	$ 73,114,924	$ 75,464,804	$ 67,453,450	$ 8,011,354
Employee benefits	19,708,492	20,138,916	16,334,604	3,804,312
Training and travel	842,590	957,411	1,087,253	(129,842)
Medication costs	203,945	205,945	174,832	31,113
Consumable supplies	217,268	242,848	273,488	(30,640)
Consultation and professional fees	23,525,885	23,673,936	19,836,124	3,837,812
Furniture and equipment	41,388	100,666	650,993	(550,327)
Facilities, telephone, and utilities	8,213,249	8,301,440	6,900,090	1,401,350
Insurance	986,345	986,839	937,063	49,776
Transportation	199,244	209,591	202,041	7,550
Professional fees	158,807	158,707	148,570	10,137
DPP Prior Year Reconciliation	-	-	1,036,847	(1,036,847)
Client support costs	4,438,939	5,022,562	4,811,339	211,223
Other operating costs	4,879,549	4,918,782	5,118,626	(199,844)
Total current	136,530,625	140,382,447	124,965,320	15,417,127
Debt Service				
Principal	580,704	580,704	2,182,368	(1,601,664)
Interest	698,752	698,752	662,986	35,766
Total debt service	1,279,456	1,279,456	2,845,354	(1,565,898)
Capital Outlay	11,643,443	13,230,116	14,256,494	(1,026,378)
Total expenditures	149,453,524	154,892,019	142,067,168	12,824,851
(Deficiency) excess of revenues over expenditures	(8,387,371)	(8,398,554)	(12,766,888)	(4,368,334)
Other Financing Sources (Uses)				
Proceeds from sale of property	-	-	1,784,886	1,784,886
Loan proceeds	8,387,371	8,398,554	8,398,554	-
Total other financing sources (uses)	8,387,371	8,398,554	10,183,440	1,784,886
Net Changes in Fund Balances	-	-	(2,583,448)	(2,583,448)
Fund Balances, September 1, 2022	36,870,736	36,870,736	36,870,736	-
Fund Balances, August 31, 2023	$ 36,870,736	$ 36,870,736	$ 34,287,288	$ (2,583,448)

	Business-type Activities - Enterprise Funds		
	Housing First, LLC	Integral Care Foundation	Total
Assets			
Current assets			
Cash and cash equivalents	$ 171,419	$ 511,030	$ 682,449
Accounts receivables, net	130,000	94,087	224,087
Other assets	-	9,531	9,531
Total current assets	301,419	614,648	916,067
Noncurrent assets			
Restricted assets			
Investment in Austin Community Foundation	-	402,356	402,356
Capital assets, net	-	3,794,594	3,794,594
Total noncurrent assets	-	4,196,950	4,196,950
Total assets	301,419	4,811,598	5,113,017
Liabilities			
Current liabilities			
Accounts payable	-	138,912	138,912
Other liabilities	-	189,016	189,016
Unearned revenues	-	4,373	4,373
Due to other funds	-	181,023	181,023
Total current liabilities	-	513,324	513,324
Total liabilities	-	513,324	513,324
Net Position			
Investment in capital assets	-	3,794,594	3,794,594
Restricted for permanent endowment - nonexpendable	-	402,356	402,356
Unrestricted	301,419	101,324	402,743
Total Net Position	$ 301,419	$ 4,298,274	$ 4,599,693

	Business-type Activities - Enterprise Funds		
	Housing First, LLC	Integral Care Foundation	Total
Operating Revenues			
Property revenues	$ -	$ 872,587	$ 872,587
Other revenues	-	70,783	70,783
Total operating revenues	-	943,370	943,370
Operating Expenses			
Property expenses	-	729,375	729,375
Depreciation	-	176,913	176,913
Administrative	-	386,500	386,500
Total operating expenses	-	1,292,788	1,292,788
Operating (Loss) Income	-	(349,418)	(349,418)
Nonoperating Revenues/Expenses			
Special Claims Revenue	-	81,500	81,500
Investment income	-	33,821	33,821
Total nonoperating revenues/expenses	-	115,321	115,321
Change in Net Position	-	(234,097)	(234,097)
Net Position, Beginning of Year	301,419	4,532,371	4,833,790
Net Position, End of Year	$ 301,419	$ 4,298,274	$ 4,599,693

	Business-type Activities - Enterprise Funds		
	Housing First, LLC	Integral Care Foundation	Total
Operating Activities			
Cash received from customers	$ -	$ 780,634	$ 780,634
Other receipts	-	70,783	70,783
Cash payments to suppliers for goods and services	-	(875,533)	(875,533)
Net Cash used for Operating Activities	-	(24,116)	(24,116)
Capital and Related Financing Activities			
Purchase of capital assets	-	(203,301)	(203,301)
Proceeds from special claims	-	81,500	81,500
Net Cash used for Capital and Related Financing Activities	-	(121,801)	(121,801)
Investing Activities			
Interest on investments	-	33,821	33,821
Change in investment in Austin Community Foundation	-	(23,536)	(23,536)
Net Cash from Investing Activities	-	10,285	10,285
Net Change in Cash and Cash Equivalents	-	(135,632)	(135,632)
Cash and Cash Equivalents, Beginning of Year	171,419	646,660	818,079
Cash and Cash Equivalents, End of Year	$ 171,419	$ 511,028	$ 682,447
Reconciliation of Operating Loss to Net Cash used for Operating Activities			
Operating loss	$ -	$ (349,418)	$ (349,418)
Adjustments to reconcile operating loss to net cash used for operating activities			
Noncash items included in net operating loss			
Depreciation	-	176,913	176,913
Change in assets and liabilities			
(Increase) decrease in			
Accounts receivable	-	(91,953)	(91,953)
Other assets	-	7,507	7,507
Increase (decrease) in			
Accounts payable	-	44,113	44,113
Other liabilities	-	132,780	132,780
Due to other funds	-	55,942	55,942
Net Cash used for Operating Activities	$ -	$ (24,116)	$ (24,116)

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 and 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 fund:

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 Integral Care Foundation as a major enterprise fund. Integral Care Foundation 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.

Implementation of GASB Statement No. 96

As of September 1, 2022, the Center adopted GASB Statement No. 96, *Subscription-based Information Technology Arrangements (SBITA)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The standard requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provision of the contract. As a result of implementing this standard, the Center recognized right of use subscription IT assets and liabilities of $134,271 as of September 1, 2022. As a result of these adjustments, there was no change to beginning net position of governmental activities. The additional disclosures required by this standard are included in Notes 12, 13, and 14.

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.

Restricted Cash

Restricted cash in the general fund at August 31, 2023 consists of unexpended loan proceeds for construction.

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, 2023, the employee receivable balance on payroll advances was $184,225, and the allowance for uncollectible was $43,377. An additional payroll receivable of $13,818 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, 2023, is $799,190.

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, DPP, 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, 2022, has a deposit balance of $990,407 of their intergovernmental transfer (IGT) sent to HHSC in order to leverage federal funding, which is reported in the statement of net position and the general fund balance sheet.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond August 31, 2023 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 is does not constitute available spendable resources even though they are components of total assets.

Capital Assets

Capital assets 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.

Capital assets 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

Right to use leased assets are recognized at the lease commencement date and represent the Center's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 12 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Center's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 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.

Lease liabilities represent the Center's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Center.

Subscription Liabilities represent the Center's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Center.

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 2023, 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 - Integral Care Foundation, Inc.

The Integral Care Foundation, Inc., 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 Integral Care Foundation Board of Directors. Although it is legally separate from Integral Care, Integral Care Foundation is reported as if it were part of Integral Care because it provides services primarily to Integral Care. Integral Care Foundation is accounted for as an enterprise fund in the basic financial statements of Integral Care and has an August 31 fiscal year end. Integral Care Foundation uses the accrual basis of accounting. Complete financial statements of Integral Care Foundation can be obtained from the administrative offices of Integral Care.

Integral Care and Integral Care Foundation Transactions

Integral Care Foundation 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 Integral Care Foundation 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, 2023, the assets, liabilities and net position of the corporations have been consolidated with Integral Care Foundation.

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, 2023, Integral Care Foundation 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 Integral Care Foundation, less accumulated depreciation, at August 31, 2023 consisted of the following:

Land	$ 530,700
Building and improvements	6,421,912
Equipment	167,985
	7,120,597
Less accumulated depreciation	(3,326,003)
Capital assets, net	$ 3,794,594

Depreciation expense for the year ended August 31, 2023, was $176,913. Capital assets are depreciated over their useful life on a straight-line basis. Useful lives range from 5 to 40 years.

Income Taxes

Integral Care Foundation 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.

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 records 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 $641,514 at August 31, 2023.

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 was financed by Integral Care and from a $1,000,000 donation toward Housing First that is currently being collected. The Stabilization Reserve has 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.

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, 2023 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, 2023.

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, 2023, Integral Care had the following investments:

	August 31, 2023	Due in less than one year
Investment in Austin Community Foundation	$ 402,356	$ -
TexPool	2,460,172	2,460,172

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, 2023, 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 that AAA or AAAm or an equivalent rating by at least one nationally recognized statistical rating organization. As of August 31, 2023, Integral Care's investment in TexPool was rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

Concentration of Credit Risk

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

Note 10 - Due from Other Governments

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

Source of Grant	
City of Austin	$ 1,949,965
Travis County	1,627,145
Community Care Collaborative (CCC)	2,479,481
HHSC -Behavioral Health & Substance Abuse	4,723,344
HHSC - Medicaid Administrative Claim, TxHmLvg	1,832,427
Medicaid/Medicare/HMO/State SA	1,741,171
TCOOMMI	747,254
Other Local	203,704
Other State	91,388
Other Federal	1,928,431
Total due from other governments	17,324,310
Allowance for uncollectible accounts	(799,190)
	$ 16,525,120

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, 2023, 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, 2023, 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, 2023 is as follows:

	(Restated) Balance at September 1, 2022	Additions	Retirements/ Transfers	Balance at August 31, 2023
Governmental Activities				
Nondepreciable assets:				
Land	$ 1,551,017	$ -	$ (31,313)	$ 1,519,704
Construction in progress	17,418,058	13,888,228	(30,010,521)	1,295,765
Total nondepreciable assets	18,969,075	13,888,228	(30,041,834)	2,815,469
Depreciable assets:				
Buildings and improvements	39,892,900	141,561	29,387,074	69,421,535
Furniture and equipment	9,426,871	-	-	9,426,871
Vehicles	1,087,719	226,705	(64,054)	1,250,370
Total depreciable assets	50,407,490	368,266	29,323,020	80,098,776
Less accumulated depreciation for:				
Buildings and improvements	(17,022,277)	(1,184,381)	479,039	(17,727,619)
Furniture and equipment	(8,419,100)	(897,912)	-	(9,317,012)
Vehicles	(963,729)	(82,603)	64,054	(982,278)
Total accumulated depreciation	(26,405,106)	(2,164,896)	543,093	(28,026,909)
Net capital assets	42,971,459	12,091,598	(175,721)	54,887,336
Right to use leased assets being amortized				
Buildings	6,183,279	-	(1,559,887)	4,623,392
Total right to use leased assets being amortized	6,183,279	-	(1,559,887)	4,623,392
Less accumulated amortization				
Buildings	(1,869,450)	(1,511,798)	1,559,887	(1,821,361)
Total accumulated amortization	(1,869,450)	(1,511,798)	1,559,887	(1,821,361)
Net right to use leased assets	4,313,829	(1,511,798)	-	2,802,031
Right to use subscription IT assets being amortized				
Subscription IT assets	134,271	-	-	134,271
Total right to use subscription IT assets being amortized	134,271	-	-	134,271
Less accumulated amortization				
Subscription IT assets	-	(70,649)	-	(70,649)
Total accumulated amortization	-	(70,649)	-	(70,649)
Net right to use subscription IT assets	134,271	(70,649)	-	63,622
Governmental activities capital assets, net	$ 47,419,559	$ 10,509,151	$ (175,721)	$ 57,752,989

Depreciation and amortization expense for the year ended August 31, 2023 was charged to the following functions and programs of the government-wide financial statements as follows:

Governmental Activities	
Behavioral health - adult	$ 2,729,351
Behavioral health - children	262,485
Intellectual and developmental disabilities	192,881
Substance use disorder	187,821
Authority and general administration	374,805
Total depreciation and amortization expense	$ 3,747,343

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

	Balance at September 1, 2022	Additions	Retirements/ Transfers	Balance at August 31, 2023
Business-Type Activities				
Nondepreciable assets				
Land	$ 530,700	$ -	$ -	$ 530,700
Depreciable assets				
Buildings and improvements	6,218,611	203,301	-	6,421,912
Equipment	167,985	-	-	167,985
	6,386,596	203,301	-	6,589,897
Less accumulated depreciation	(3,149,090)	(176,913)	-	(3,326,003)
Total depreciable assets	3,237,506	26,388	-	3,263,894
Business-type activities capital assets, net	$ 3,768,206	$ 26,388	$ -	$ 3,794,594

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, 2023 was $176,913.

Note 13 - Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2023:

	(Restated) Balance at September 1, 2022	Additions	Retirements	Balance at August 31, 2023	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.	$ 13,528,604	$ -	$ (580,704)	$ 12,947,900	$ 598,288
Frost Bank loan, fully collateralized by real property. Interest is payable monthly at 3.92%. Loan matures March 2042.	99,593	8,398,554	-	8,498,147	291,695
Leases payable	4,441,455	-	(1,467,393)	2,974,062	884,508
Subscription IT payable	134,271	-	(134,271)	-	-
Compensated absences	2,031,811	6,704,072	(6,820,743)	1,915,140	-
Total	$ 20,235,734	$ 15,102,626	$ (9,003,111)	$ 26,335,249	$ 1,774,491

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, 2023, the loan had a balance of $12,947,900. Principal and interest payments are required through the maturity date in April 2040.

In March 2022, Integral Care obtained a loan from Frost Bank in order to renovate property at 6397 N IH-35 in Austin, Texas. The total amount of the note was $8,500,000. At August 31, 2023, the loan had a balance of $8,498147. Principal and interest payments are required through the maturity date in March 2042.

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

	Principal	Interest	Total
2024	$ 889,983	$ 731,246	$ 1,621,229
2025	948,140	703,270	1,651,410
2026	981,397	670,014	1,651,411
2027	1,015,835	635,575	1,651,410
2028	1,049,771	601,638	1,651,409
2029-2033	5,836,481	2,420,568	8,257,049
2034-2038	6,939,022	1,318,027	8,257,049
2039-2042	3,785,418	208,585	3,994,003
Total	$ 21,446,047	$ 7,288,923	$ 28,734,970

The following are debt service requirements for leases payable to maturity:

	Principal	Interest	Total
2024	$ 884,508	$ 93,680	$ 978,188
2025	832,995	61,632	894,627
2026	893,595	29,171	922,766
2027	104,702	10,236	114,938
2028	33,378	9,044	42,422
2029-2033	208,420	23,475	231,895
2034-2037	16,464	79	16,543
Total minimum future leases	$ 2,974,062	$ 227,317	$ 3,201,379

At August 31, 2023, Integral Care is not obligated in any manner for the debt of its component unit, Integral Care Foundation.

Note 14 - Leases and Subscription-based IT Assets

In prior years, the Center entered into lease agreements as lessee for various buildings and facilities used in operations. As of August 31, 2023, the value of the lease liabilities was $2,974,062. The Center is required to make various monthly principal and interest payments through March 2037. The lease liabilities were valued using a discount rate of 3.75% as determined by the Center’s management based on the Center’s estimated incremental borrowing rate.

In prior years, the Center entered into a subscription-based IT contract. As of August 31, 2023, the Center no longer had a liability related to this contract.

Note 15 - Fund Balances

At August 31, 2023, the fund balance for governmental funds is comprised of the following:

	General Fund
Nonspendable	
Prepaid items	$ 881,797
Notes receivable	6,365,384
Restricted	
Stabilization reserve	1,095,430
Committed	
Budget contingency	2,207,552
Permanent Supportive Housing	1,050,869
Assigned	
Accrued compensated absences	1,915,140
Unassigned	20,771,116
Total	$ 34,287,288

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, 2023 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	$ 181,023	$ -
Integral Care Foundation	-	181,023
Total enterprise fund	$ 181,023	$ 181,023

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 began FY2023 with the employer contributions being made to a 401(a) defined contribution plan; but as of January 1, 2023, the Board of Trustees approved the closing of the 401(a) account in favor of opening the 403(b) account for the 4.5% Employer contributions. All employer contributions made to the 401(a) account were rolled over into the new 403(b) account. Employees had the option of rolling employee contributions over into the 403(b) or paid out if so elected. Roll-overs were 100% vested at the time of the roll-over.

As noted above, as of January 1, 2023, Integral Care has a benefit plan for its full-time employees under a 403(b) 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 $2,618,393 for 2023 which were approximately 4.0% of the covered payroll, $62,777 of which were funded by forfeitures. 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 $1,747,960 for the year ended August 31, 2023. In addition, employees contributed an additional $22,525 to a 457 plan and $831,991 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 2018 through 2023, 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 contacts 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, 2023, these contracts have been continued through August 31, 2023.

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	$ 40,834,059	31.6%
Charity Care Pool	23,112,975	17.9%

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 $1,822,477 during the year ending August 31, 2023.

Note 24 - Medicaid 1115 Waiver Programs – Charity Care Pool and Directed Payment Program

The State of Texas was originally approved for a five-year Medicaid demonstration waiver (through September 30, 2016) that enabled hospitals and other providers to earn up to $11.4 billion in funds for Delivery System Reform Incentive Payment (DSRIP) projects. DSRIP projects were designed to improve Texas' health care delivery system, including access to care, quality of care, and health outcomes. Texas allocated a minimum of 10% of the DSRIP funds to the community mental health centers that serve mentally ill Medicaid and indigent patients throughout the state. An extension was granted until December 2017. On December 21, 2017, the Centers for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas' section 1115(a) demonstration project effective from January 1, 2018 through September 30, 2022. Under the new terms, there are two years of level funding, followed by two years of funding which will decrease each year. The fifth year of the extension, from October 1, 2021 through September 30, 2022, is reserved for any payments for performance metrics earned from the previous four years. The Center reported twice a year on milestone and outcome achievements in order to earn DSRIP funds. The program ended in fiscal year 22.

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, provides a path to provide financial stability through the transition of the 1115 Waiver.

The Center received $23,112,975 for PHP-CCP based on the cost report submitted in the fall of 2022.

In November 2021, CMS approved the Directed Payment Program for Behavioral Health Services (DPP BHS). This program will take the place of the DSRIP program, but community mental health centers (CMHC) are encouraged to continue successful DSRIP innovations. DPP BHS is a value-based payment program to promote and improve access to behavioral health services, care coordination, and successful care transitions. It also incentivizes continuation of services to Medicaid-enrolled individuals that are aligned with the Certified Community Behavioral Health Clinic (CCBHC) model of care. DPP BHS payments will be included in MCO capitation rates and distributed through two components to enrolled CMHCs who meet program requirements. Component 1 is a uniform dollar increase issued in monthly payments to all qualifying providers participating in the program. As a condition of participation, providers will report on progress made toward certification or maintenance of CCBHC status. Enrolled providers will also be required to report on the implementation status of activities foundational to quality improvement, such as telehealth services, collaborative care, integration of physical and behavioral health, and improved data exchange. Component 2 is a uniform percent increase on certain CCBHC services based on achievement of quality metrics that align with CCBHC measures and goals. The Center began participating in the program in fiscal year 2022 and has continued its participation in FY 23.

The Center has submitted intergovernmental transfers (IGT) to HHSC totaling $4,647,662 related to FY 23 in order to leverage federal funding. The Center has also submitted one IGT for fiscal year 2024 in the amount of $990,407. The Center has received the IGT payment for FY 23 back and has a deposit balance of $990,407 at August 31, 2023. This amount can be found in the Statement of Net Position and the Balance Sheet – Governmental Funds. The Center recognized revenues of $4,205,749 related to DPP-BHS. The Center has also recorded a reserve of $1,871,071 as an estimate of what they could be required to return related to Component 1 settle up based on actual customers served.

Statistical Section (Unaudited)
August 31, 2023

Integral Care

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	$ 67,336,780	$ 20,279,942	$ 7,121,506	$ 17,868,514	$ 6,484,383	$ 15,582,435	$ 67,336,780	$ -
Employee Benefits	16,334,602	5,118,854	1,835,189	3,876,813	1,692,010	3,811,736	16,334,602	-
Professional and Consultant Services	19,836,126	3,881,995	226,660	12,038,853	496,407	3,192,211	19,836,126	-
Training and Travel	1,087,252	301,152	111,719	139,228	139,712	395,441	1,087,252	-
Debt Service	1,101,588	80	-	-	-	1,101,508	1,101,588	-
Capital Outlay	13,812,792	50,397	6,383	111,621	53,408	13,590,983	13,812,792	-
Non-Capitalized Equipment	650,995	176,767	72,506	149,280	76,034	176,408	650,995	-
Pharmaceutical Expense	174,831	107,643	55	12,637	56	54,440	174,831	-
Pharmaceutical Expense (PAP only)	1,822,477	1,822,477	-	-	-	-	1,822,477	-
Other Operating Expense	21,615,528	7,642,350	1,457,228	3,943,857	922,091	7,650,002	21,615,528	-
Total expenditures	$ 143,772,971	$ 39,381,657	$ 10,831,246	$ 38,140,803	$ 9,864,101	$ 45,555,164	$ 143,772,971	$ -
Method of Finance								
HHSC MH (DSHS) General Revenue	$ 12,643,499	$ 6,937,453	$ 2,029,560	$ 3,676,486	$ -	$ -	$ 12,643,499	$ -
HHSC IDD (DADS) - General Revenue	3,691,500	-	-	-	3,691,500	-	3,691,500	-
HHSC MH (DSHS) Mental Health Block Grant & TANF	2,527,471	1,652,547	874,924	-	-	-	2,527,471	-
HHSC IDD (DADS) Other Federal	-	-	-	-	-	-	-	-
HHSC MH (DSHS) Other General Revenue	7,399,182	4,807,771	941,643	1,463,624	-	186,144	7,399,182	-
HHSC MH (DSHS) Crisis Services	8,549,399	2,445,571	-	6,103,828	-	-	8,549,399	-
Other State Funds	4,601,958	418,000	-	12,000	24,490	4,147,468	4,601,958	-
Other Federal	53,156,149	16,739,150	4,531,164	11,519,225	4,728,600	13,171,233	50,689,372	2,466,777
Earned Income	6,009,903	441,979	25,464	43,917	62,393	5,436,150	6,009,903	-
Required Local Match	2,579,254	2,040,337	1,344,183	35,372	373,687	(1,214,325)	2,579,254	-
Additional Local Match	42,614,656	3,898,849	1,084,308	15,286,351	983,431	21,361,717	42,614,656	-
Total expended sources	$ 143,772,971	$ 39,381,657	$ 10,831,246	$ 38,140,803	$ 9,864,101	$ 43,088,387	$ 141,306,194	$ 2,466,777

	Revenues			
	Care Report III	Additions	Deletions	Audited Financial Statements
Local Revenues				
City funds	$ 10,713,993	$ -	$ -	$ 10,713,993
County funds	9,558,702	-	-	9,558,702
Other taxing authority funds	8,254,762	-	-	8,254,762
Earned income	7,205,134	-	-	7,205,134
Rental income	400,407	-	-	400,407
Miscellaneous income & contribution	3,998,199	-	-	3,998,199
Patient Assistance Programs	1,822,477	-	(1,822,477) (a)	-
Total local revenue	41,953,674	-	(1,822,477)	40,131,197
State Program Revenues				
HHSC - Mental Health	28,293,001	-	-	28,293,001
HHSC - IDD	3,767,537	-	-	3,767,537
TCOOMMI	2,346,000	-	-	2,346,000
Other state programs	61,661	-	-	61,661
Total state program revenues	34,468,199	-	-	34,468,199
Federal Program Revenues				
City of Austin - Ryan White	361,001	-	-	361,001
City of Austin - CDBG - YAFAC	197,199	-	-	197,199
City of Austin - Prolodges	24,271	-	-	24,271
Travis County - Parents in Recovery	83,973	-	-	83,973
Travis County - SAMSO (SAMHSA)	51,531	-	-	51,531
Travis County - CSLFRF	10,893	-	-	10,893
HHSC - Mental Health	12,541,058	-	-	12,541,058
HHSC - Substance use disorder	1,350,333	-	-	1,350,333
HHSC - IDD	476,860	-	-	476,860
TDHCA Housing Stability	433,731	-	-	433,731
HUD Supported Housing	475,264	-	-	475,264
SAMHSA CCBHC	1,677,220	-	-	1,677,220
SAMHSA CHRP	195,497	-	-	195,497
SAMHSA MHAT	166,815	-	-	166,815
SAMHSA CMHC	2,096,826	-	-	2,096,826
SAMHSA AOT	1,025,451	-	-	1,025,451
Del Valle ISD - VOCA	324,394	-	-	324,394
UTDMS SAMHSA	167,331	-	-	167,331
UTDMS EPINET	20,815	-	-	20,815
UTDMS First	14,192	-	-	14,192
Veterans Administration - Safe Haven	885,962	-	-	885,962
Medicaid Administrative Claiming	3,903,076	-	-	3,903,076
1115 Transformation Waiver	23,112,975	-	-	23,112,975
Directed Payment Program-Comp 1	2,770,975	-	-	2,770,975
Directed Payment Program-Comp 2	1,434,774	-	-	1,434,774
Total federal program revenues	53,802,417	-	-	53,802,417
Investment Earnings	898,467	-	-	898,467
Total revenues	$ 131,122,757	$ -	$ (1,822,477)	$ 129,300,280

(a) Free medicine used

Function	Care Report III	Additions		Deletions		Audited Financial Statements
	Expenditures					
Personnel	$ 67,336,780	$ 116,671	(e)	$ (1)	(b)	$ 67,453,450
Employee benefits	16,334,602	1	(b)	-		16,334,603
Professional and consultant service	19,836,126	-		(2)	(b)	19,836,124
Training and travel	1,087,252	2	(b)	-		1,087,254
Debt service	1,101,588	1,743,766	(c)	-		2,845,354
Capital outlay	13,812,792	443,702	(b)(d)	-		14,256,494
Non-capitalized equipment	650,995			(2)	(b)	650,993
Pharmaceutical expense	174,831	1	(b)	-		174,832
Pharmaceutical expense (PAP only)	1,822,477	-		(1,822,477)	(a)	-
Other operating expense	21,615,528	2	(b)	(2,187,466)	(c)(d)	19,428,064
	$ 143,772,971	$ 2,304,145		$ (4,009,948)		$ 142,067,168

(a) Free medicine used
(b) Rounding
(c) GASB 87 and 96 entries
(d) Capital outlay reclass
(e) Change in compensated absences - used only in government-wide financial statements

	Total Costs	Nonallowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	$ 67,336,778	$ 74,553	$ -	$ 67,262,225	$ 58,181,451	$ 9,080,774
Employee benefits	16,334,604	18,831	-	16,315,773	14,188,006	2,127,767
Capital outlay	15,045,638	15,045,638	-	-	-	-
Depreciation	-	-	2,164,898	2,164,898	1,947,287	217,611
Other operating expenses	43,233,477	810,582	-	42,422,895	39,127,428	3,295,467
Total expenditures	$ 141,950,497	$ 15,949,604	$ 2,164,898	$ 128,165,791	$ 113,444,172	$ 14,721,619
Indirect cost						14,721,619
Direct costs						113,444,172
Indirect cost rate						12.98%

Insurer	Policy Period	Coverage	Limits or Amounts	
Texas Council Risk Management Fund	9/1/22 - 9/1/2023	Workers Compensation	Statutory	
	9/1/22 - 9/1/2023	General Liability	$ 1,000,000	Combined Single Limit
			1,000	Deductible
	9/1/22 - 9/1/2023	Errors & Ommission	1,000,000	Per Claim
			3,000,000	Annual Aggregate
			25,000	Deductable
	9/1/14-9/1/2015	Expanded Employment Practices	50,000	Per Claim
			100,000	Annual Aggregate
	9/1/22 - 9/1/2023	Professional Liability	1,000,000	Per Claim
			3,000,000	Annual Aggregate
			10,000	Deductable
	9/1/14-9/1/2015	Professional Defense Endorsement	25,000	Per Claim
			50,000	Annual Aggregate
	9/1/14-9/1/2015	Sexual Misconduct	100,000	Per Claim
			300,000	Annual Aggregate
	9/1/22 - 9/1/2023	Automobile Liability		
		Liability	1,000,000	Combined Single Limit
		Physical Damage	Various	
		Uninsured/Underinsured	100,000/300,000	Limits
	9/1/22 - 9/1/2023	Additional Liability	1,000,000	Combined Single Limit
			2,000,000	Aggregate
	9/1/22 - 9/1/2023	Property Coverages		Each Occcurance
		Buildings	40,430,446	
		Contents	7,568,224	
		Boiler & Machinery Equipment	108,199	
		EDP Equipment	4,284,275	
		Misc Property & Equipment	268,371	
		Vacant Buildings	13,340,000	
American Bankers Insurance Company of Florida	2/18/22 - 02/18/2023	Flood - Tahoe Trail-Building 1st Floor	250,000	
		Contents	22,000	
		Deductible	1,250	
	10/01/22-10/01/23	Flood - Jones House Building	250,000	
		Contents	100,000	
		Deductible	1,250	
	11/28/22 - 11/28/2023	Flood - 403 E 15th St	500,000	
		Contents	37,000	
		Deductible	2,000	

Insurer	Policy Period	Coverage	Limits or Amounts	
Lloyds of London	11/28/22-11/28/23	Excess Flood Building	2,000,000	
		Computer Privacy, Network Security, Liability		
Chubb	01/16/22 - 01/16/2023	Network Extortion	2,000,000	
		Regulatory Proceedings	500,000	
		Electronic, Social and Printed Media Liability	1,000,000	
		Deductible	50,000	
		Cyber Extortion, System Failure, Breach		
Tokia Marine HCC	1/16/2023 - 1/16/2024	Insurance, Multimedia Liab	5,000,000	Combined Single Limit
Houston Casualty Co.		Privacy Regulatory Defense	5,000,000	Maximum Aggregate
		Cyber Crime	250,000	
		Deductible	50,000	
Lloyds of London	1/21/23-1/21/2024	Abuse/Molestation	500,000	
		Deductible	100,000	
Atain	4/22/23-4/22/24	General Liability/Excess Liability 5015 S IH35	2,000,000	

Lessor	Location	Period Covered		Amount ($ per month)
Property Leases				
SL 1700 South Lamar LP	1701 S. Lamar, Suite 230	7/1/2013	6/30/2024	$ 5,853
	1701 S. Lamar, Suite 322	7/1/2016	6/30/2024	5,285
Travis County	502 E. Highland Mall	10/1/2021	9/30/2026	10,947
Sigland Properties II, Ltd	825 E. Rundberg Lane - Base Rent	2/1/2015	9/30/2023	35,419
2410 East Riverside LTD	2410 E. Riverside, Suite G3	2/1/2015	10/31/2023	13,398
Boyd Austin I GSA LL	5015 South IH-35	12/15/2013	9/30/2026	58,246
Houston First Oak Spgs LP	3000 Oak Springs (amend)	12/1/2017	12/1/2033	3,148
Copiers and Printers				
Various	Various	Various		8,800
Other Rental Payments				
Iron Mountain		Month to	Month	6,433
Safe Site, Inc.		Month to	Month	1,830

Surety Company	Scope of Coverage	Limit	Deductible
Travelers	Employee Theft	$ 9,000,000	$ 25,000
8/31/22 - 8/31/24	ERISA Fidelity	500,000	None
	Employee Theft of Client Property	9,000,000	5,000
	Forgery or Alteration	100,000	5,000
	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	-

Name	Type of Service	Amount
TWG INVESTMENTS LTD	Crises Residential Center Staffing	$ 3,076,516
FORGE CRAFT ARCHITECTURE & DESIGN	Architect & Engineering Fees	741,739
UNIVERSITY OF TX AT AUSTIN	Clinical Svcs	628,151
LOCUMTENENS.COM	Psychiatric Services	398,840
WESTWAYS STAFFING SERVICES INC	Counselors/Nurse Staffing	288,405
STG DESIGN INC	Architect & Engineering Fees	288,126
LONE STAR CIRCLE OF CARE	Primary Healthcare Medical Services	230,194
MAINTENANCE & RECOVERY SERVICES	Clinical Svcs	123,098
SPELBER PSYCHIATRY LLC	Psychological Services	101,888
EIDE BAILLY LLP	Accounting Services	101,300
DOUBLETREE RESIDENTIAL SERVICES INC	Direct Care Services	71,674
MOSS ADAMS LLP	Medical Billing/Coding	69,645
NEXUS ASSESSMENT AND PSYCHOLOGICAL SERVICES	Psychological Services	68,905
MEDICAL STAFFING NETWORK INC	Pharmacy Staffing	49,273
NEXUS RECOVERY CENTER INC	Therapy Services	45,990
MANAGEMENT RECRUITERS OF CHEVY CHASE DC LLC	Professional Recruitement Firm	30,000
LEVY PSYCHOLOGICAL ASSOCIATES	Psychological Services	26,200
FAVORITE HEALTHCARE STAFFING	Temporary Nursing Services	24,298
URBAN FOUNDRY ARCHITECTURE	Architect & Engineering Fees	19,500
BILINGUAL COUNSELORS OF TEXAS	Therapy Services	13,615
HARRISON PSYCHOLOGICAL SERVICES PLLC	Psychological Services	13,000
COHNREZNICK	Accounting Services	11,850
JEFF GARRISON-TATE	Case Review Services	11,700
A TO Z HEALTHCARE SERVICES LLC	Healthcare Services Consultant	10,151
MCFARLANE DENTAL	Dental Services	7,276
JERRY L STRICKLAND	Therapy Services	6,538
KRISTIN ATKINSON	Therapy Services	6,375
ANIMAL-ASSISTED THERAPIST LLC	Psychotherapy Svcs	6,355
JORDAN CHAPLIK	Therapy Services	6,178
HOLT ENGINEERING INC	Architect & Engineering Fees	5,342
CAMETT MOORE	Pyschological Assessment	5,250
MANOS DE CRISTO INC	Dental Services	5,214
LAURA RUSHING	Therapy Services	4,826
OVERLAND CHILDREN & FAMILY SERVICES	Therapy Services	4,795
BENITA BONNIE HERNANDEZ	Client Medical Services	4,770
ALMA MENA	Bilingual Therapy	4,085
TX STATE OPTICAL OF CAPITAL PLAZA	Optical	3,621
ANA MARIA CABEZAS LPC	Therapy Services	3,185
REBECCA ROTH PLLC	Therapy Services	2,875
MICHAEL D ROMERO LCSW	Therapy Services	2,863
FRIEND OF A FRIEND YOUTH & FAMILY SERVICES	Direct Care Services	2,806
CHRISTINA VASQUEZ	Pyschological Assessment	2,625

Name	Type of Service		Amount
MIGL ENGINEERING & CONSULTING	Architect & Engineering Fees	$	2,550
RENE TENORIO	Therapy Services		2,535
AUSTIN BILINGUAL THERAPY	Therapy Services		2,350
FOCUS BEHAVIORAL ASSOCIATES	Therapy Services		1,380
KIRSTEN NOTTLESON	Therapy Services		1,310
GATHER COUNSELING & WELLNESS	Therapy Services		1,275
ELLIE MENTAL HEALTH PFLUGERVILLE	Therapy Services		1,125
		$	6,541,561

Name	City	Type of Service	Amount
Drenner Group	Austin	General Legal Counsel	$ 17,730
Jackson Walker LLP	Austin	General Legal Counsel	7,136
Kuperman Orr & Albers PC	Austin	General Legal Counsel	1,511
Husch Blackwell	Austin	General Legal Counsel	1,404
Locke Lord LLP	Austin	General Legal Counsel	1,215
Waddell Serafino	Austin	General Legal Counsel	454
			$ 29,449

Federal and State Awards Reports in Accordance with Uniform Guidance and Texas Grant Management Standards
August 31, 2023

Integral Care

EideBailly

CPAs & BUSINESS ADVISORS

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 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 (Government Audit Standards), 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, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 12, 2024**.**

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.

Eide Bailly LLP

Abilene, Texas
February 12, 2024

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 Texas Grant Management Standards

To the Board of Trustees
Integral Care
Austin, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Integral Care's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement, Texas Grant Management Standards (TxGMS)* 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 Integral Care's major federal and state programs for the year ended August 31, 2023. Integral Care'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.

In our opinion, Integral Care complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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), *Texas Grant Management Standards (TxGMS)* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (Guidelines)*. Our responsibilities under those standards and the Uniform Guidance, TxGMS, and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Integral Care and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Integral Care's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

Integral Care's basic 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 $5,387,881 in federal awards which is not included in Integral Care's schedule of expenditures of state and federal awards during the year ended August 31, 2023. Our compliance audit, described in the "Opinion on Each Major Federal and State Program" does not include the operations of the component units because the component units engaged other auditors to perform an audit of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Integral Care's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Integral Care's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Integral Care's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Integral Care's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Integral Care's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of Integral Care's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 TxGMS. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Abilene, Texas
February 12, 2024

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	HHS001022200004	$ 10,260,624	$ -
General Revenue - Behavioral Health Child	HHS001022200004	2,382,875	-
Crisis Redesign	HHS001022200004	2,389,461	-
PESC	HHS001022200004	3,147,338	-
Outpatient Competency Restoration	HHS001022200004	567,030	-
Private Psychiatric Beds	HHS001022200004	2,445,571	-
Veteran Services	HHS001022200004	99,282	96,804
Supportive Housing	HHS001022200004	308,111	-
Non-Physician Mental Health	HHS001022200004	115,000	-
Post Discharge Meds for Civil Commitments	HHS001022200004	492	-
Mental Health First Aid	HHS000017600002	34,500	-
Healthy Community Collaboratives (HCC)	HHS000930600003	2,956,147	355,367
Mental Health Grant for Justice-Involved Individuals (SB292)	HHS000134400011 Amd #4	2,668,310	-
Community Mental Health Grant Program (HB13)	HHS000477100044	906,745	-
Block Grant Homeless/Path - MH	HHS000231500016	11,515	-
Total LMHA		28,293,001	452,171
Local IDD Authority (LIDDA)			
General Revenue - Intellectual & Developmental Disabilities	HHS000995500001	2,669,190	-
CLOIP	HHS000995500001	277,796	-
Permanency Planning	HHS000995500001	32,149	-
Crisis Intervention Specialists	HHS000995500001	260,524	-
Crisis Intervention Specialists - Carryover FY 22	HHS000995500001	19,438	
Crisis Respite	HHS000995500001	35,573	-
Crisis Respite - Carryover FY 22	HHS000995500001	115,826	
Nursing Facility PASRR Service Coordination	HHS000995500001	1,739	-
Outpatient Learning Collaborative	HHS000995500001	279,264	
IDD ARPA	HHS000994800001	76,038	-
Total LIDDA		3,767,537	-
Cancer Prevention and Research Institute of Texas (CPRIT)			
Passed through The University of Houston			
Federally Qualified Health Centers	R-21-0076	13,274	-
Homeless	R22-0013	4,767	-
Total Cancer Prevention and Research Institute of Texas (CPRIT)		18,041	-
Total State Awards		$ 32,078,579	$ 452,171

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing		Pass Through Grantor Number	Expenditures	Subrecipient Expenditures
Federal Awards					
U.S. Department of Health and Human Services					
Direct: COVID 19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		N/A	$ 172,381	$ -
Passed through the Texas Health and Human Services Commission					
Medicaid Administrative Claiming- Medicaid Cluster	93.778		HHS000537900305	3,903,076	-
Money Follows the Person - Transition Support Team	93.791	(5)	HHS000995500001	325,123	-
Money Follows the Person - Enhanced Community Coordination	93.791	(5)	HHS000995500001	14,060	-
Money Follows the Person - Support Foundation Communities	93.791	(5)	HHS001269800001	38,946	-
Block Grant Homeless/PATH	93.150		HHS000231500016	372,311	-
Temporary Assistance for Needy Families (TANF)	93.558	(6)	HHS001022200004	509,998	-
Social Services Block Grant - Title XX SSBG	93.667		HHS001022200004	159,113	-
Mental Health Block Grant	93.958	(1)	HHS001022200004	1,550,277	-
Mental Health First Aid	93.958	(1)	HHS000017600003	87,950	-
Supportive Housing	93.958	(1)	HHS001022200004	10,176	-
Suicide Regional Expansion	93.958	(1)	HHS000502700001	330,112	-
Lifeline Expansion	93.243	(4)	HHS000790600003	2,247,557	-
Community MH Worker	93.959	(3)	HHS000780300001 Amd#1	696,000	-
Mental Health Block Grant - Consumer Operated Services	93.958	(1)	HHS001022200004	170,406	54,476
MHBG Coordinated Specialty Care	93.958	(1)	2016-049446-001 Am #4	467,444	-
MHBG Coordinated Specialty Care Supplemental	93.958	(1)	2016-049446-001 Am #4	261,473	46,627
COVID-19 TANF Pandemic Emergency Assistance Funds	93.558	(6)	HHS001120200032	137,677	-
System of Care	93.104		HHS001100700001	435,364	-
COVID-19 Supplemental Grant Program- Attachment AO5 Consumer Operated Srv	93.958	(1)	HHS001108400004	46,326	-
COVID-19 Supplemental Grant Program- Attachment AO2 Housing & Homeless Programs	93.958	(1)	HHS001108400004	3,588,766	-
COVID-19 Attachment AO1 Outpatient Capacity Expansion	93.958	(1)	HHS001108400004	1,274,471	-
MHBG - Child MH System Navigator	93.958	(1)	HHS001204800001	63,306	-
Block Grant for Prevention and Treatment of Medication Assisted Treatment	93.959	(3)	HHS000663700146	951,378	-
Substance Abuse Block Grant - One Time Payment	93.959	(3)	HHS000663700146	231,063	
Outpatient Treatment for Adults (TRA)	93.959	(3)	HHS000663700221	76,197	-
Passed through City of Austin					
Ryan White Title I Funds	93.914		NG170000042	361,001	-
Passed through University of Texas San Antonio					
UT San Antonio OBOT	93.788		170146/42943-06	322,757	-
Direct award from Substance Abuse and Mental Health Service Administration					
Amplify Care Through CCBHC	93.829		1H79SM081907-01	1,677,220	-
SAMHSA Assistive Outpatient Treatment	93.997		1H79SM082924-01	1,025,451	175,944
CMHC	93.958	(1)	1H79SM085571-01	2,096,826	-
Clinical High Risk Psychosis	93.243	(4)	1H79SM081187-01	195,497	-
Mental Health Awareness Training	93.243	(4)	1H79SM081224-01	166,815	20,382
				5,161,809	196,326

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing		Pass Through Grantor Number	Expenditures	Subrecipient Expenditures
Passed through Dell Medical School and					
University of Texas at Austin					
UTDMS First	93.242	(2)	R01MH124965	14,192	-
UTDMS EPINET	93.242	(2)	R01MH120599	20,815	-
SAMHSA A Community-Based Integrative Dual Disorders Treatment Intervention for Individuals Experiencing Homelessness in Austin, TX	93.243	(4)	1H79SM080714-01	167,331	-
				202,338	-
Passed through Travis County					
Managed Services Organization SAMHSA	93.243	(4)	4400004025	51,531	-
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse -System of Care	93.087		4400003965 Mod#11	83,973	-
Total U.S. Department of Health and Human Services				24,304,360	297,429
U.S. Department of Justice					
Passed through Del Valle ISD					
Del Valle ISD VOCA	16.575		2019-2020 QMHP MOU	324,394	-
Total U.S. Department of Justice				324,394	-
U.S. Department of the Treasury					
Direct: Coronavirus State and Local Fiscal Recovery Funds	21.027		44010006140	10,893	-
Passed through Texas Dept of Housing and Community Affairs					
Emergency Rental Assistance Program	21.023		20220000009	433,731	-
Total U.S. Department of the Treasury				444,624	-
U.S. Department of Housing and Urban Development					
Direct Award					
Continuum of Care Program - HUD Fresh Start	14.267		TX0374L6J032007	475,264	-
Passed through City of Austin					
Community Development Block Grant - YAFAC	14.218		MA 7200 NG220000036	197,199	-
Total CDBG - Entitlement Grants Cluster				197,199	-
Total U.S. Department of Housing and Urban Development				672,463	-
Total federal awards				$ 25,745,841	$ 297,429
Total state and federal awards				$ 57,824,420	$ 749,600

(1) Total for CFDA 93.958	$	9,947,533
(2) Total for CFDA 93.242		35,007
(3) Total for CFDA 93.959		1,954,638
(4) Total for CFDA 93.243		2,828,731
(5) Total for CFDA 93.791		378,129
(6) Total 477 Cluster		647,675

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 *Texas 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 *Texas 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 Charity Cost Pool or Directed Payment Programs 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 Texas Grant Management Standards.

The Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution (Federal Financial Assistance Listing #93.498) during the years ended August 31, 2020, 2021 and 2022. The Center incurred eligible expenditures and, therefore, recognized revenues totaling $172,381 for the year ended August 31, 2022 on the financial statements. PRF expenditures are not recognized on the Schedule of Expenditures of State and Federal Awards until the expenditures are included in the reporting to HHS as required under the PRF program which if FY 23.

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	$ 32,078,579
TCOOMMI	2,346,000
TRC Fees Billed, UofH CDC Tobacco, Tx State Affordable Housing grants	43,620
State revenues per basic financial statements	$ 34,468,199
Federal expenditures per SESFA	$ 25,745,841
Directed Payment Program-Comp 1	2,770,975
Directed Payment Program-Comp 2	1,434,774
Charity Care Pool	23,112,975
Veterans Administration	885,962
City of Austin- Prolodges	24,271
Provider Relief Funds reported as revenue during FY 2022 related to period 4	(172,381)
Federal revenues per basic financial statements	$ 53,802,417

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)
  93.243 – Substance Abuse and Mental Health Services Projects of Regional and National Significance
  93.959 – Substance Abuse Block Grant
- State General Revenue:
  Behavioral Health (Mental Health Adult and Crisis, Mental Health Child, PESC, PPB)
  Intellectual & Developmental Disabilities
  Substance Abuse

Dollar threshold used to distinguish between type A and type B programs?	
Federal awards	$ 772,375
State awards	$ 962,357
Auditee qualified as low-risk auditee?	Yes

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.