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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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March 30, 2022

Board of Directors
Centerstone of Indiana, Inc.
645 South Rogers Street
Bloomington, IN 47403

We have reviewed the audit report of Centerstone of Indiana, Inc., which was opined upon by LBMC, PC, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Centerstone of Indiana, Inc. as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, LBMC, PC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

Tammy R White

Tammy R. White, CPA
Deputy State Examiner

CENTERSTONE OF INDIANA, INC.

Consolidated Financial Statements and Supplemental Schedules

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

CENTERSTONE OF INDIANA, INC.

Table of Contents

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Centerstone of America, Inc.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Centerstone of Indiana, Inc. and its subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Independent Living Alternatives, Inc. d/b/a Cumberland Apartments and Centerstone Supportive Housing, LLC d/b/a Redwood Terrace, wholly owned subsidiaries, included in the consolidated financial statements, whose statements reflect total assets of approximately $7,349,000 and $7,518,000 as of June 30, 2021 and 2020, respectively, and total revenues of approximately $1,107,000 and $1,176,000 for the years ended June 30, 2021 and 2020, respectively. 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 those identified, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Guidelines for Examinations of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Centerstone of Indiana, Inc. and its subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets, cash flows, and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 2(b) to the consolidated financial statements, the Corporation is part of an affiliated group of entities. The Corporation is included in the reporting entity, Centerstone of America, Inc., and these consolidated financial statements include only the financial position, changes in net assets, cash flows and functional expenses of the Corporation. Our opinion is not modified with respect to this matter.

Report on Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedules listed in the table of contents are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, cash flows and functional expenses of the individual companies, and are not a required part of the consolidated financial statements. The Schedule of Expenditures of State and Local Awards is required by the *Guidelines for Examinations of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report (as part of Centerstone of America, Inc.'s Consolidated Single Audit report) dated November 30, 2021 on our consideration of Centerstone of America, Inc.'s internal control over financial reporting and 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 Centerstone of America, Inc.'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 Centerstone of America, Inc.'s internal control over financial reporting and compliance.

LBMC, PC

Brentwood, Tennessee
November 30, 2021

CENTERSTONE OF INDIANA, INC.

Consolidated Statements of Financial Position

June 30, 2021 and 2020

Assets

	2021	2020
Current assets:		
Cash and cash equivalents	$ 18,331,045	$ 9,914,329
Restricted cash	1,006,243	875,402
Accounts receivable	3,434,366	4,007,075
Other receivables	4,886,337	4,730,968
Estimated third-party settlements, net	-	760,741
Unconditional promises to give, net	185,572	320,923
Prepaid expenses and other current assets	852,142	504,838
Total current assets	28,695,705	21,114,276
Property and equipment, net	34,269,836	30,358,866
Other assets	59,986	58,518
Unconditional promises to give, net	-	35,000
Beneficial interest	1,536,183	1,303,099
Assets whose use is limited	12,367,419	9,806,002
Total assets	$ 76,929,129	$ 62,675,761

Liabilities and Net Assets

	2021	2020
Current liabilities:		
Current portion of long-term debt	$ 723,435	$ 714,186
Current portion of notes payable to Parent	140,820	128,421
Accounts payable and accrued expenses	2,355,820	3,185,340
Estimated third-party settlements	583,036	-
Due to affiliated entities	1,447,882	280,378
Accrued payroll, benefits and taxes	4,519,633	4,001,510
Total current liabilities	9,770,626	8,309,835
Long-term debt, excluding current portion, net of deferred financing costs	12,063,436	8,261,358
Notes payable to Parent, excluding current portion	3,997,983	3,999,163
Other long-term liabilities	1,800,957	1,800,957
Total liabilities	27,633,002	22,371,313
Net assets:		
Without donor restrictions	44,082,274	35,139,830
With donor restrictions	5,213,853	5,164,618
Total net assets	49,296,127	40,304,448
Total liabilities and net assets	$ 76,929,129	$ 62,675,761

See accompanying notes to the consolidated financial statements.

CENTERSTONE OF INDIANA, INC.

Consolidated Statements of Activities and Changes in Net Assets

Years ended June 30, 2021 and 2020

	2021	2020
Revenue and other support:		
Net client service revenue	$ 51,801,833	$ 46,903,991
Public support	34,294,611	33,911,620
Affiliated management fees	563,615	813,066
Other revenue	2,822,655	3,199,147
Total revenue and other support	89,482,714	84,827,824
Expenses:		
Salary and fringe benefits	57,662,132	56,992,007
Professional fees	2,631,481	2,552,737
Facilities and equipment	4,535,612	5,238,873
Depreciation and amortization	1,482,943	1,454,872
Travel and transportation	865,448	1,513,226
Supplies	1,422,649	1,257,455
Communications	848,061	841,485
Affiliated management fees	11,073,653	9,831,945
Interest	249,910	313,866
Miscellaneous	4,002,581	4,097,023
Total expenses	84,774,470	84,093,489
Operating income	4,708,244	734,335

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Activities and Changes in Net Assets (Continued)

Years ended June 30, 2021 and 2020

	2021	2020
Nonoperating income (expenses):		
Contributions	2,125,960	2,409,551
Realized gain (loss) on investments	1,233,718	(93,667)
Unrealized gain on investments	1,139,171	373,424
Investment income, net	159,983	141,561
Gain on disposal of assets	66,354	210,636
Other	(282,526)	(241,894)
Total nonoperating income	4,442,660	2,799,611
Excess of revenues over expenses	9,150,904	3,533,946
Other changes in net assets without donor restrictions:		
Contributions to supported entities	(208,460)	(209,911)
Net assets released from restrictions	-	350,376
Total other changes in net assets without donor restrictions	(208,460)	140,465
Change in net assets without donor restrictions	8,942,444	3,674,411
Change in net assets with donor restrictions:		
Contributions	49,235	10,000
Net assets released from restriction	-	(350,376)
Change in net assets with donor restrictions	49,235	(340,376)
Change in net assets	8,991,679	3,334,035
Net assets at beginning of year	40,304,448	36,970,413
Net assets at end of year	$ 49,296,127	$ 40,304,448

See accompanying notes to the consolidated financial statements.

CENTERSTONE OF INDIANA, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2021 and 2020

		2021		2020
Operating activities:				
Change in net assets	$	8,991,679	$	3,334,035
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Gain on the disposal of assets		(66,354)		(210,636)
Public support - debt forgiveness		(499,083)		(499,083)
Depreciation and amortization		1,482,943		1,454,872
Asset impairment		260,000		-
Amortization of deferred financing costs		8,851		3,834
Unrealized gain on investments		(1,139,171)		(373,424)
Realized (gain) loss on sale of investments		(1,233,718)		93,667
Change in beneficial interest		(233,084)		32,669
Provisions for uncollectible and discount to net present value on promises to give		(5,686)		10,564
Restricted contributions		(49,235)		(10,000)
Changes in operating assets and liabilities				
Accounts receivable		572,709		1,156,983
Due to affiliates		151,059		(2,245,733)
Other receivables		(155,369)		(584,243)
Unconditional promises to give, net		176,037		278,709
Prepaid expenses and other assets		149,415		(177,459)
Accounts payable and accrued expenses		(829,520)		1,719,881
Estimated third-party settlements, net		1,343,777		(1,387,924)
Accrued payroll, benefits and taxes		518,123		500,268
Net cash provided by operating activities		9,443,373		3,096,980
Investing activities:				
Purchase of property and equipment		(936,923)		(1,210,869)
Proceeds from the sale of property and equipment		72,425		236,158
Proceeds from the sale or maturity of investments		13,727,017		14,643,234
Purchases of investments		(13,915,545)		(14,842,348)
Net cash used by investing activities		(1,053,026)		(1,173,825)
Financing activities:				
Restricted contributions		49,235		10,000
Proceeds from long-term debt		327,950		-
Principal payments on long-term debt		(231,194)		(215,938)
Proceeds from note payable to Parent		142,141		529,800
Principal payments on note payable to Parent		(130,922)		(108,801)
Net cash provided by financing activities		157,210		215,061
Increase in cash, cash equivalents and restricted cash		8,547,557		2,138,216
Cash, cash equivalents and restricted cash at beginning of year		10,789,731		8,651,515
Cash, cash equivalents and restricted cash at end of year	$	19,337,288	$	10,789,731
Supplemental cash flows information:				
Cash paid for interest on long-term debt	$	20,765	$	50,200
Cash paid for interest on notes payable to related party	$	220,294	$	259,832
Noncash investing and financing activities:				
Indiana Housing and Community Development Authority debt forgiveness	$	499,083	$	499,083
Property and equipment acquired with long-term debt and long-term liabilities	$	4,204,803	$	4,457,709
Accounts payable and accrued expenses converted to long-term debt and long-term liabilities	$	-	$	288,593
Property and equipment received by the Corporation transferred from Centerstone of America, Inc.	$	1,016,445	$	-
Property and equipment classified as held for sale in other current assets	$	498,187	$	-

See accompanying notes to the consolidated financial statements.

CENTERSTONE OF INDIANA, INC.

Consolidated Statement of Functional Expenses

Year ended June 30, 2021

	Child Community Based Care	Adult Community Based Care	Medical	Housing	SUD Residential Treatment	Foster Care	Intake, Crisis, Access and Outpatient Counseling	Other	Total Program Services	Management and General	Fundraising	Total
Expenses:												
Salary and fringe benefits	$ 23,587,993	$ 12,595,523	$ 7,732,354	$ 4,046,792	$ 4,131,544	$ 1,129,839	$ 1,652,007	$ 1,461,565	$ 56,337,617	$ 1,324,515	$ -	$ 57,662,132
Professional fees	668,596	108,004	311,182	4,803	3,164	1,347,261	60,027	128,444	2,631,481	-	-	2,631,481
Facilities and equipment	1,144,188	1,128,758	429,642	830,761	412,760	37,764	129,949	373,028	4,486,850	48,762	-	4,535,612
Depreciation and amortization	309,566	430,789	109,593	206,543	88,988	1,423	38,438	283,344	1,468,684	14,259	-	1,482,943
Travel and transportation	440,041	261,839	18,694	59,588	29,316	37,689	1,581	12,841	861,589	3,859	-	865,448
Supplies	202,881	100,663	111,176	237,842	281,595	13,737	4,415	443,951	1,396,260	26,389	-	1,422,649
Communications	372,228	216,102	32,113	90,140	45,573	17,136	16,496	47,215	837,003	11,058	-	848,061
Affiliated management fees	-	-	-	-	-	-	-	-	-	11,073,653	-	11,073,653
Interest	-	200,818	2,697	488	343	-	-	45,564	249,910	-	-	249,910
Miscellaneous	462,710	1,600,022	223,554	107,440	16,164	26,456	21,620	1,357,066	3,815,032	187,549	-	4,002,581
Total expenses	$ 27,188,203	$ 16,642,518	$ 8,971,005	$ 5,584,397	$ 5,009,447	$ 2,611,305	$ 1,924,533	$ 4,153,018	$ 72,084,426	$ 12,690,044	$ -	$ 84,774,470

See accompanying notes to the consolidated financial statements.

CENTERSTONE OF INDIANA, INC.

Consolidated Statement of Functional Expenses

Year ended June 30, 2020

	Child Community Based Care	Adult Community Based Care	Psychiatric Medical & Counseling	Housing	Other	Total Program Services	Management and General	Fundraising	Total
Expenses:									
Salary and fringe benefits	$ 21,936,413	$ 12,231,513	$ 6,479,922	$ 6,527,227	$ 8,433,428	$ 55,608,503	$ 1,383,504	$ -	$ 56,992,007
Professional fees	55,979	265,013	48,240	36,434	2,127,248	2,532,914	19,823	-	2,552,737
Facilities and equipment	1,109,639	767,937	352,660	1,984,886	968,689	5,183,811	55,062	-	5,238,873
Depreciation and amortization	330,779	344,648	133,739	526,238	97,967	1,433,371	21,501	-	1,454,872
Travel and transportation	649,999	354,492	76,324	98,400	284,215	1,463,430	49,796	-	1,513,226
Supplies	156,095	265,264	52,886	435,858	334,307	1,244,410	13,045	-	1,257,455
Communications	361,048	217,140	33,478	125,248	88,568	825,482	16,003	-	841,485
Affiliated management fees	-	-	-	-	-	-	9,703,369	128,576	9,831,945
Interest	85,394	39,782	35,308	63,104	90,278	313,866	-	-	313,866
Miscellaneous	576,380	924,679	235,993	351,111	1,921,312	4,009,475	87,548	-	4,097,023
Total expenses	$ 25,261,726	$ 15,410,468	$ 7,448,550	$ 10,148,506	$ 14,346,012	$ 72,615,262	$ 11,349,651	$ 128,576	$ 84,093,489

See accompanying notes to the consolidated financial statements.

(1) Nature of operations

Centerstone of Indiana, Inc. and its affiliates (collectively, the "Corporation") are private, non-profit corporations that provide multi-funded, locally directed mental health and addiction services to people of all ages. The Corporation was incorporated as a not-for-profit organization in June 1967 under the laws of the State of Indiana and commenced operations in August 1968. The Corporation is responsible for the establishment, operation and maintenance of a comprehensive mental health center which focuses on the treatment and prevention of mental illness and emotional disturbances of individuals. These services are provided to children and adults upon application or referral. The Corporation employs qualified psychiatrists, psychologists, social workers and others to consult with and treat individuals using the facilities of the Corporation. These services are currently delivered through community clinics located throughout many counties in Indiana and include outpatient care, consultation, screening, 24-hour emergency services, community education, a detoxification program with inpatient treatment and residential services to area residents. The Corporation receives a majority of its revenue from client services and federal, state and county grants.

(2) Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of Centerstone of Indiana, Inc., Centerstone Foundation, Inc. (the "Foundation"), Independent Living Alternatives, Inc. d/b/a Cumberland Apartments ("Cumberland"), Centerstone Supportive Housing, LLC d/b/a Redwood Terrace ("Supportive Housing"), Kinser Flats, LP ("Kinser Flats") and Centerstone Health Services, Inc. ("Centerstone Health Services").

The Corporation is the sole member of the Foundation. The Foundation is a not-for-profit organization that receives contribution and support for the affiliated entities of Centerstone of America, Inc. (the "Supported Organizations").

Cumberland was incorporated to construct, own and operate a 21-unit apartment community in Richmond, Indiana, known as Cumberland Apartments. They have entered into the standard Federal Housing Administration ("FHA") regulatory agreements governing the operation of the apartment project with the FHA Section of the Department of Housing and Urban Development ("HUD").

Supportive Housing was incorporated in the State of Indiana and may conduct any and all lawful business and activities as long as they are consistent with the charitable purposes or status of the sole member, the Corporation. Supportive Housing was formed to develop, own and operate a 60-unit affordable housing rental project and participates in the 1602 Tax Credit Exchange Program mortgage administered through the Indiana Housing and Community Development Authority.

Cumberland and Supportive Housing are consolidated as the Corporation is the sole corporate member.

Kinser Flats is a limited partnership formed to acquire, construct, own, and operate a 50-unit affordable housing apartment community in Bloomington, Indiana and may conduct any and all lawful business and activities as long as they are consistent with the charitable purposes or status of the partners. The apartment complex began operating during June 2021. To fund construction, Kinser Flats received financing through financial institutions, housing programs sponsored by the government and low income tax credits through the 1602 Tax Credit Exchange Program. As the Corporation is the sole general partner and controls the limited partnership, Kinser Flats is consolidated.

Centerstone Health Services, Inc. is a Federally Qualified Health Center ("FQHC") which operates health clinics located in Indiana that provide comprehensive, accessible, quality healthcare regardless of income to promote wellness and restore health. The Corporation pays certain expenses on behalf of the FQHC and is reimbursed accordingly.

All material intercompany accounts and transactions have been eliminated.

(b) Affiliated entities and related parties

The Corporation is part of an affiliated group of entities. The Corporation is included in the reporting entity, Centerstone of America, Inc. (the "Parent"), and these consolidated financial statements include only the financial position, changes in net assets, cash flows and functional expenses of the Corporation and its subsidiaries located in the state of Indiana.

The Parent is the holding company and sole corporate member of the Corporation. Centerstone of America, Inc. has the following additional entities under common control: Centerstone Military Services, Centerstone of Tennessee, Inc., Centerstone of Illinois, Inc., Centerstone Research Institute, Centerstone of Florida, Inc., Seven Counties Services, Inc. (formerly known as Centerstone of Kentucky, Inc.) and Homewood Insurance Company, Inc. (the "affiliated entities").

Effective June 30, 2020, Seven Counties Services, Inc. is no longer an affiliated entity.

(c) Basis of presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not restricted by donor-imposed restrictions and available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Corporation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions - Net assets resulting from contributions and other inflows of net assets whose use by the Corporation is limited by donor-imposed restrictions. These include net assets with donor restrictions, some of which may or will be met either by action of the Corporation and/or passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. These also include net assets with donor restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Corporation. Net assets with donor restrictions includes endowment funds, which are subject to restrictions of gift instruments requiring that the principal be maintained in perpetuity, and invested for the purpose of producing present and future income.

(d) Cash and cash equivalents

For purposes of reporting cash flows, the Corporation considers all liquid investments with an original maturity of three months or less to be cash equivalents. The Corporation maintains these deposits with banks. At times, these deposits may exceed federally insured limits. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

(e) Restricted cash

The Corporation's restricted cash consists of funds held on behalf of clients. A corresponding liability is recorded in accounts payable and accrued expenses as the Corporation receives these fiduciary funds.

(f) Investments and investment income

Investments in equity securities and debt securities are measured at fair value in the consolidated statements of financial position and include the beneficial interest and assets whose use is limited. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Unrealized and realized gains and losses on investments, interest, and dividends from all investments are reported as a component of the performance indicator unless the income is restricted by donor or law.

(g) Assets whose use is limited

During fiscal year 2013, in order to provide additional oversight, the Foundation received the assets in Centerstone Endowment Trust (the "Trust") through an equity transfer, after receiving approval from the Tennessee Attorney General. Originally, Centerstone of Tennessee, Inc. established the Trust for the purpose of serving as a charitable endowment fund for the support of the Centerstone of Tennessee, Inc.'s mission and operations funded by an initial gift from the Dede Wallace Foundation. As of June 30, 2012, Centerstone of Tennessee, Inc. was the sole trustee of the Trust. After the approved transfer, the Foundation (a subsidiary of Centerstone of Indiana, Inc.) became the sole trustee to coordinate the support to the mission of the communities served by all the affiliated entities of Centerstone of America, Inc.

The terms of the Trust require annual distributions to the affiliated entities of Centerstone of America, Inc. of an amount equal to 3.75% of the average of the net fair values of the underlying assets as determined at the end of the three most recently completed calendar years. The Supported Organizations are also required to pay a management fee to the Foundation equal to 1.50% of the annual distribution.

(h) Accounts receivable

The accounts receivable balance represents the unpaid amounts billed to clients and third-party payors. Implicit and explicit price concessions are recorded to report receivables for client care services at net realizable value.

Client accounts receivable are reduced by appropriate implicit price concessions based on the Corporation's evaluation of its major payor sources of revenue, the aging of the accounts, historical losses, current economic conditions, and other factors unique to its service area and the healthcare industry. Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of implicit price concessions. For receivables associated with services provided to clients who have third-party coverage, the Corporation analyzes contractually due amounts and provides explicit price concessions and implicit price concessions, if necessary. For receivables associated with self-pay payments, which includes both clients without insurance and clients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Corporation records implicit price concessions in the period of service on the basis of its past experience, which indicates that many clients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

(i) Other receivables

The Corporation has recorded receivables from federal and state agencies related to grants under contract. The Corporation expects full collection of these receivables.

(j) Property and equipment and depreciation

Property and equipment are stated at cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method as follows:

Furniture and equipment	3 – 10 years
Buildings	18 – 40 years
Building and land improvements	5 – 20 years

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded as a change in net assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained; expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(k) Net client service revenue

The Corporation recognizes net client service revenues on the accrual basis of accounting in the reporting period in which services are performed based on the current gross charge structure, less implicit and explicit concessions and principally for clients covered by Medicare, Medicaid, and managed care and other health plans. Gross client service revenue is recorded in the accounting records using the established rates for the type of service provided to the client. The Corporation recognizes an estimated explicit price concession to reduce gross client charges to the estimated net realizable amount for services rendered based upon previously agreed to rates with a payor. The Corporation utilizes the client billing system to calculate explicit price concessions on a payor by payor basis based on the rates in effect for each primary third-party payor. The management of the Corporation continually reviews the process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms that result from contract renegotiations and renewals. See Note 3 for further discussion of revenue recognition.

Payors include federal and state agencies, including Medicare and Medicaid, managed care health plans, commercial insurance companies and employers. These third-party payors provide payments to the Corporation at amounts different from its established rates based on negotiated reimbursement agreements. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and fee schedule payments. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Given the current regulatory and reimbursement environment, there can be no assurances that adequate reimbursement levels will continue to be available for the services provided by the Corporation. Significant limits on the scope of services reimbursed and on reimbursement rates and fees could have a material adverse effect on the Corporation's liquidity, financial condition, results of operations and cash flows.

Included in net client service revenue are reimbursements from Medicare, Medicaid, commercial payors and self-pay clients. As part of the Medicaid program, the Corporation participates in the Medicaid Rehabilitation Option ("MRO"). The MRO program includes a Federal portion and a State portion. As part of the State plan related to Indiana, the Corporation pays the State portion.

Laws and regulations governing the Medicare and Medicaid 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.

(l) Charity care

The Corporation provides care to clients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The charity care amounts are not reported as net client service revenue as the Corporation does not pursue collection. Amounts for forgone charges related to charity care are approximately $1,295,000 and $2,092,000 for the years ended June 30, 2021 and 2020, respectively.

Of the Corporation's total unrestricted operating expense reported pertaining to the entities providing client care, an estimated $662,000 and $1,062,000 arose from providing services to charity clients during the years ended June 30, 2021 and 2020, respectively.

The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity clients. The ratio of cost to charges is calculated based on the Corporation's total expenses divided by gross client service revenue.

(m) Medicaid funds recovery

The Corporation participates in the Medicaid Funds Recovery Program. Funding for the Medicaid Funds Recovery Program is available through the Medicaid Program to reimburse expenses for certain administrative activities. Funding under the Medicaid Funds Recovery Program is available only to those providers who are certified as Managed Care Providers or Community Mental Health Centers by the Division of Mental Health and Addiction.

(n) Public support

The Corporation receives federal, state and county grants for providing services in specific program areas. Receipt of these funds is subject to the fulfillment of certain obligations by the Corporation as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency.

Indiana state law stipulates that the counties served by comprehensive community mental health centers provide the centers with a minimum designated amount. Tax receipts are designated to be remitted to the centers by June and December of each year. The Corporation recognizes the county tax receipts as income in the period the funds are due from the counties. Accordingly, amounts are recorded as other receivables or deferred revenue based upon the timing of the actual receipts.

The Corporation has contracts with the State of Indiana to provide community mental health services. During 2021 and 2020, the Corporation was paid by the State based upon applicable contractually agreed to stipulations.

The Corporation derives a significant portion of its revenue from third-party payors and federal, state and county funding programs. The receipt of future revenues by the Corporation is subject to among other factors, federal, state and county policies affecting the health care industry, economic conditions that may include an inability to control expenses in periods of inflation, increased competition, market pressures on premium rates and other conditions which are impossible to predict.

(o) Contributions and unconditional promises to give

Contributions received and unconditional promises to give are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence of donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restriction.

If a restriction is fulfilled in the same accounting period in which the contribution is received, the contribution is reported as without donor restrictions.

The Corporation uses the allowance method to determine uncollectible promises receivable. The allowance, if any, is based on prior years' experience and management's analysis of specific promises made.

In-kind contributions are recorded based on their estimated fair value at the date of donation.

The Foundation sends contribution support to affiliated entities to help further the mission of those organizations. Amounts sent to Centerstone of Indiana, Inc. will be eliminated upon consolidation of these financial statements.

(p) Advertising costs

The Corporation uses advertising to promote its programs and services among the general public. The advertising costs are expensed as incurred. Advertising costs for the Corporation totaled approximately $75,000 and $136,000 for 2021 and 2020, respectively.

(q) Income taxes

The Corporation and its subsidiaries, except for Supportive Housing and Kinser Flats, are organized as not-for-profit corporations under section 501(c)(3) of the United States Internal Revenue Code ("IRC"). IRC Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Supportive Housing is organized as a limited liability company, whereby net taxable income is taxed directly to the members and not this entity. Kinser Flats is organized as a limited partnership, whereby net taxable income is taxed directly to the partners and not this entity. As such, Supportive Housing and Kinser Flats are generally exempt from income taxes. Accordingly, no current or deferred provision for income taxes was made for 2021 and 2020. The Corporation and its subsidiaries are required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only. The Corporation and its subsidiaries have filed their federal and state income tax returns for periods through June 30, 2020. Thus, the financial statements do not include any provision for Federal or State income taxes.

Accounting principles generally accepted in the United States of America ("GAAP") require management to evaluate tax positions taken and recognize a tax liability if it is more likely than not that an uncertain tax position would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Corporation and its subsidiaries are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(r) Performance indicator and operating indicator

The consolidated statements of activities and changes in net assets include a performance indicator, excess of revenues over expenses. Changes in net assets without donor restrictions which would be excluded from the performance indicator, consistent with industry practice, include contributions to supported entities. The consolidated statements of activities and changes in net assets also include an operating indicator, operating gain. Certain nonoperating items are excluded from the operating indicator, including contributions from donors and related parties, realized and unrealized gains (losses) on investments, investment income, gains on disposal of assets, and other nonoperating income.

(s) Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(t) Functional expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Corporation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and fringe benefits, professional fees, facilities, equipment, depreciation and amortization, travel and transportation, supplies, communications, interest, and miscellaneous expenses. Other than depreciation and amortization, these costs are allocated based on management's estimates of time and effort involved for each program or supporting function. Depreciation and amortization expense is allocated based on management's assessment of administrative square footage used as a percent of the total facility's square footage.

(u) Events occurring after reporting date

The Corporation has evaluated events and transactions that occurred between June 30, 2021 and November 30, 2021, which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

(v) COVID-19 pandemic

In January 2020, the Secretary of the U.S. Department of Health and Human Services (“HHS”) declared a national public health emergency due to a novel strain of coronavirus ("COVID-19"). In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. During March 2020, the global pandemic began to affect the Corporation’s facilities, employees, clients, communities, business operations and financial performance, as well as the broader U.S. economy and financial markets. The Corporation is committed to protecting the health of our communities and has been responding to the evolving COVID-19 situation while taking steps to provide quality care and protect the health and safety of clients and employees. All of the Corporation’s facilities are closely following infectious disease protocols, as well as recommendations by the Centers for Disease Control and Prevention (“CDC”) and local health officials. The Corporation has taken steps to secure its supply chain, expanded telehealth capabilities and implemented emergency planning in directly impacted markets. Nevertheless, COVID-19 is impacting the Corporation’s business and may have an impact on its financial results that the Corporation is not currently able to quantify. Continuing disruptions to the Corporation’s business as a result of the COVID-19 pandemic could continue to have an effect on its results of operations, financial condition, and cash flows.

As part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), the U.S. government announced it would offer relief funding to eligible health care providers. During the years ended June 30, 2021 and 2020, the Corporation participated in certain relief programs offered through the CARES Act including distributions relating to portions of the Public Health and Social Services Emergency Fund (“PHSSE Fund”).

Amounts received from the PHSSE Fund are subject to the terms and conditions of the program, including certification that payment will be used to prevent, prepare for and respond to COVID-19 and shall reimburse the recipient only for health care related expenses or lost revenues that are attributable to COVID-19. For the year ended June 30, 2020, the Corporation received and recorded approximately $979,000 in general distributions under the PHSSE Fund. The funding from the PHSSE Fund is included in public support in the accompanying consolidated statements of activities and changes in net assets at June 30, 2020. For the year ended June 30, 2021, the Corporation received approximately $3,865,000 in general distributions which is included within in public support in the accompanying consolidated statements of activities and changes in net assets for the year ended June 30, 2021.

The Corporation also received additional funding from the State of Indiana. For the years ended June 30, 2021 and 2020, approximately $948,000 and $995,000, respectively, was received and is recorded within public support on the accompanying consolidated statement of activities and changes in net assets.

(3) Revenue from contracts with customers

Under Accounting Standards Codification ("ASC") Topic 606 ("ASC 606"), *Revenue from Contracts with Customers*, a contract with a client is an agreement which both parties have approved (whether explicitly or implicitly), that creates enforceable rights and obligations, has commercial substance, where payment terms are identified and collectibility is probable. Once the Corporation has entered into a contract, it is evaluated to identify performance obligations under the contract by transferring the promised services to clients in an amount that reflects the consideration the Corporation expects to receive in exchange for providing care.

The Corporation evaluated the nature, amount, timing and uncertainty of revenue and cash flows using the five-step model provided within ASC 606. The services provided by the Corporation have no fixed duration and can be terminated by the client or the facility at any time, and therefore, each treatment is its own stand-alone contract. Services ordered by a healthcare provider in an episode of care are not separately identifiable and therefore have been combined into a single performance obligation for each contract. The Corporation recognizes revenue as its performance obligations are completed. The performance obligation is satisfied over time as the client simultaneously receives and consumes the benefits of the healthcare services provided. For outpatient services, the Corporation recognizes revenue equally based on the number of attended sessions. Typically, third-party payors are billed within several days of the service being performed or the client being discharged, and payments are due based on contract terms. Additionally, there may be ancillary services which are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied at a point in time when those services are rendered.

The contractual relationships with clients, in most cases, also involves a third-party payor including Medicare, Medicaid and other commercial insurance companies. The transaction price is determined based upon the Corporation's established rates or estimated cost reimbursement rates, as applicable, reduced by estimates for explicit and implicit price concessions using a portfolio approach to group contracts with similar characteristics and an analysis of historical collection trends. Explicit price concessions include contractual adjustments which result from differences between the Corporation's established rates and the amounts estimated to be payable by third parties. Implicit price concessions include discounts provided to private pay, uninsured clients or other payors, and adjustments arising from the Corporation's failure to obtain authorizations acceptable to the payor or other specified billing documentation, changes in coverage or payor, and other reasons unrelated to credit risk. Explicit price concessions and discounts are based on discount policies and historical collections. Subsequent changes to the estimate of the transaction price are recorded as adjustments to net client service revenue in the year of change. During the years ended June 30, 2021 and 2020, the impact of changes to the inputs used to determine the transaction price was considered immaterial to the current period.

Certain contracts contain variable consideration. However, it is unlikely a significant reversal of revenue will occur when the uncertainty is resolved, and therefore, the Corporation has included the variable consideration in the estimated transaction price. The Corporation considers the client's ability and intent to pay the amount of consideration upon admission. Subsequent changes that are determined to be the result of an adverse change in the client's ability to pay (i.e. change in credit risk) are recorded as bad debt expense or provision for credit losses, which is included as a component of operating expenses in the consolidated statements of activities and changes in net assets. Provision for credit losses for the years ended June 30, 2021 and 2020 was not significant.

(4) Third-party reimbursement program

The Corporation has estimated third-party assets and liabilities for Medicare, Medicaid, MRO, grants and other programs reflecting the difference between interim reimbursement and reimbursement as determined by contractual agreements and third-party audits. Based upon payments received from Medicare, Medicaid, MRO, grants and other programs, the Corporation has estimated net third-party settlements due to third-party payors of approximately $583,000 at June 30, 2021 which are included in current liabilities in the accompanying consolidated statements of net position at June 30, 2021. Net amounts due from third-party payors are approximately $761,000 as of June 30, 2020, and are included in current assets in the accompanying consolidated statements of net position.

(5) Credit concentrations

The mix of the accounts receivable as of June 30 and net client service revenue for the year ending June 30 is as follows:

	Receivables		Revenue	
	2021	2020	2021	2020
Medicare	4 %	3 %	1 %	1 %
Medicaid	60 %	66 %	82 %	83 %
Self-pay	2 %	3 %	1 %	1 %
Other third-party payors	34 %	28 %	16 %	15 %
	100 %	100 %	100 %	100 %

(6) Beneficial interest in Community Foundation of Middle Tennessee

The Foundation is the trustee of the beneficial interest in the Community Foundation of Middle Tennessee ("Community Foundation"). Centerstone of Tennessee, Inc. transferred certain funds to the Community Foundation and named Centerstone of Tennessee, Inc. as the specified beneficiary. The intended use of the Agency Endowment Fund is to support the mission of serving the needy for the Corporation. Variance power has been granted to the Community Foundation to make distributions from the fund in accordance with the Community Foundation's Articles of Incorporation and in accordance with the Community Foundation's expressed intent. Centerstone of Tennessee, Inc. has the right and responsibility to recommend distributions of principal and income, but those recommendations are advisory in nature.

The beneficial interest is reported at fair value as of June 30, 2021 and 2020. The following schedule summarizes the investment expenses and earnings for the years ended June 30, 2021 and 2020.

	2021	2020
Beneficial interest in Community Foundation, beginning of year	$ 1,303,099	$ 1,335,768
Investment expenses	(9,114)	(9,012)
Investment gain	310,198	44,243
Grants paid out	(68,000)	(67,900)
Beneficial interest in Community Foundation, end of year	$ 1,536,183	$ 1,303,099

Fair value of the beneficial interest is estimated as the net asset value ("NAV") of the underlying shares in the Community Foundation's investment pool. Fair value is determined in this manner because there are no observable market transactions for assets similar to the beneficial interest in the Agency Endowment Fund. Because there are no observable market transactions and because the Foundation can only redeem the resources at NAV for its own use, subject to the approval of the governing board of the Community Foundation, this fair value measurement is a Level 3 measurement as defined in Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurement* (Note 8).

(7) Assets whose use is limited

The composition of assets limited as to use at June 30, 2021 and 2020 is set forth in the following table:

	2021	2020
Cash	$ 49,998	$ 231,094
Common stock	8,175,333	-
Mutual funds	4,142,088	7,643,283
Exchange-traded funds	-	1,931,625
	$ 12,367,419	$ 9,806,002

(8) Fair value of financial instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 — Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

- ***Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Corporation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Corporation are deemed to be actively traded.**

- ***Exchange-traded funds*: Valued at the daily closing price as reported by the fund on an active market on which the exchange-traded funds are traded. Exchange-traded funds are generally valued at their NAV, although shares may trade at a premium or discount to the NAV depending on the liquidity of the underlying securities, market volatility, and other factors.**

- ***Common stocks*: Valued at the daily closing price as reported on an active market on which the common stocks are traded.**

- ***Beneficial interest in outside trust*: Valued at fair value as reported by the trustee, which represents the Corporation's pro rata interest in the net assets of the trust, substantially all of which are valued on a mark-to-market basis.**

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets and liabilities measured at fair value on a recurring basis at June 30, 2021 and 2020:

	Fair Value Measurements as of June 30, 2021 using the following inputs			
	Total	Level 1	Level 2	Level 3
Assets whose use is limited				
Common stocks				
U.S. equity	$ 4,140,532	$ 4,140,532	$ -	$ -
Global equity	1,226,503	1,226,503	-	-
International equity	1,835,945	1,835,945	-	-
International growth equity	972,353	972,353	-	-
Mutual funds				
Fixed income	4,142,088	4,142,088	-	-
	12,317,421	$ 12,317,421	$ -	$ -
Cash	49,998			
	$ 12,367,419			
Beneficial interest - funds held by Community Foundation	$ 1,536,183	$ -	$ -	$ 1,536,183

	Fair Value Measurements as of June 30, 2020 using the following inputs			
	Total	Level 1	Level 2	Level 3
Assets whose use is limited				
Exchange-traded funds				
Bond	$ 1,402,347	$ 1,402,347	$ -	$ -
Index	221,470	221,470	-	-
Value	307,808	307,808	-	-
Mutual funds				
Growth	3,141,694	3,141,694	-	-
Index	1,495,373	1,495,373	-	-
Fixed income	3,006,216	3,006,216	-	-
	9,574,908	$ 9,574,908	$ -	$ -
Cash	231,094			
	$ 9,806,002			
Beneficial interest - funds held by Community Foundation	$ 1,303,099	$ -	$ -	$ 1,303,099

The Corporation's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances.

(9) Unconditional promises to give

Unconditional promises to give consist of pledges restricted to the support of the Corporation. Promises to give are discounted to the present value of the estimated future cash flows and also include an allowance for estimated uncollectible pledges, if any.

	2021	2020
Promises receivable in less than one year	$ 186,156	$ 327,193
Promises receivable in one to five years	-	35,000
Less net present value discount	(584)	(6,270)
Less allowance for uncollectible pledges	-	-
	$ 185,572	$ 355,923

(10) Property and equipment

A summary of property and equipment as of June 30, 2021 and 2020 is as follows:

	2021	2020
Land	$ 2,847,776	$ 2,847,776
Buildings and improvements	45,311,566	36,716,739
Furnishings, equipment and vehicles	4,093,278	4,460,193
Construction in progress	561,646	4,915,796
	52,814,266	48,940,504
Accumulated depreciation and amortization	(18,544,430)	(18,581,638)
	$ 34,269,836	$ 30,358,866

As of June 30, 2021 the Corporation has commitments for various property and equipment projects that approximate $205,000 and are expected to be completed in fiscal year 2022.

The construction in progress at June 30, 2020 mainly related to construction of Kinser Flats which was completed in 2021. The Corporation obtained financing for the construction (see Note 12). The Corporation also secured low-income housing tax credits under the Section 1602 Tax Credit Exchange Program and was awarded cash proceeds totaling approximately $1,400,000 as of June 30, 2021 and 2020. These proceeds are included in other long-term liabilities in the accompanying consolidated statements of financial position at June 30, 2021 and 2020.

During 2021, the Corporation recognized impairment on buildings totaling $260,000. The buildings are classified as held for sale and recorded at estimated fair value at June 30, 2021. The held for sale buildings, which amount to $498,187 at June 30, 2021, are reflected in other current assets on the consolidated statements of financial position as the buildings are expected to be sold within twelve months of June 30, 2021.

(11) Liquidity and availability

The Corporation regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial assets available for general expenditures within one year of the consolidated statements of financial position are as follows at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 18,331,045	$ 9,914,329
Patient accounts receivable	3,434,366	4,007,075
Other receivables	4,886,337	4,730,968
Estimated third-party settlements, net	-	760,741
Unconditional promises to give, net	120,317	149,445
	$ 26,772,065	$ 19,562,558

The remaining $65,255 and $171,478, of unconditional promises to give included in current assets at June 30, 2021 and 2020, respectively, contain specific donor restrictions that limit their use. As such, these have been excluded above.

The Parent also has a $5,000,000 line of credit at June 30, 2021 and 2020 that could be utilized for the Corporation. The line of credit matures on January 31, 2022.

(12) Long-term debt

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

	2021	2020
Mortgage payable to Indiana Housing and Community Development Authority ("IHCDA"), 0% interest, due 2026, forgiven over a 15 year period, collateralized by certain real estate.	$ 4,135,500	$ 4,643,584
Indiana Department of Finance Authority ("IDFA") Series 2002 variable rate demand economic development revenue bonds, variable interest rate of 1 month LIBOR (0.09% at June 30, 2021), $200,000 redeemed on December 1st each year, final payment due December 2022, collateralized by certain real estate and accounts receivable.	400,000	600,000

Note payable to financial institution, used in the construction of Kinser Flats. Available amount up to $7,200,00 with fixed interest rate of 4.83%. All outstanding balance and accrued interest due September 2021, collateralized by certain real estate.	6,740,513	3,345,344
Mortgage loan with U.S. Department of Housing and Urban Development. Monthly installments of principal and interest are approximately $5,000 with a maturity date of July 1, 2031. Interest is being charged at a fixed rate of 9.25%, collateralized by certain real estate.	386,552	408,745
Note payable to IHCDA used in the construction of Kinser Flats. Interest is being charged at a fixed rate of 2.00% with entire unpaid principal and interest due August 31, 2036.	500,000	-
Note payable to financial institution through the Affordable Housing Program (AHP) used in construction of Kinser Flats, due September 10, 2049, forgivable over a 15 year period, collateralized by certain real estate.	500,000	-
Note payable through the HOME Investment Partnership Program, 0% interest, due 2039, forgiven over a 20 year period.	137,584	-
Total long-term debt	12,800,149	8,997,673
Less deferred financing costs	13,278	22,129
Less current portion	723,435	714,186
Long-term debt, excluding current portion	$ 12,063,436	$ 8,261,358

The 2002 bonds are secured by a letter of credit. Under the terms of the letter of credit and reimbursement agreement, the Corporation is required to maintain certain financial covenants. In the event of a failed remarketing, the letter of credit is due in 367 days. The letter of credit has a maturity date of December 15, 2022.

The mortgage loan with the IHCDA is interest free and forgivable over a 15 year period, commencing when the associated property is placed into operation and as long as Supportive Housing manages and operates the Project for its intended purpose.

The note payable to financial institution used in the construction of Kinser Flats was originally due in September 2021. In July 2021, the construction loan to financial institution was repaid to the financial institution through proceeds from the investor limited partner.

Aggregate annual maturities of long-term debt as of June 30, 2021 is as follows:

Year	Amount
2022	$ 723,435
2023	714,183
2024	514,183
2025	514,183
2026	514,183
2027 and later years	9,819,982
	$ 12,800,149

The Corporation is required to maintain certain financial ratios and comply with various other restrictive covenants as defined in the agreements.

The Corporation capitalized interest relating to construction projects of approximately $241,000 and $49,000 for the years ended June 30, 2021 and 2020.

The Corporation received approximately $627,000 in additional funding related to Kinser Flats in September 2021.

(13) Net assets

The net assets with donor restrictions consist of the following as of June 30, 2021 and 2020:

	2021	2020
Endowments	$ 4,010,645	$ 4,010,645
Beneficial Interest	1,000,000	1,000,000
Center for Clinical Excellence	125,992	125,992
Other	77,216	27,981
	$ 5,213,853	$ 5,164,618

The earnings on the endowment assets can be used for general purposes. The endowment is subject to endowment spending policy and appropriation.

Net assets with donor restrictions were released from restriction for the years ended June 30, 2021 and 2020 for the following purposes:

	2021	2020
Endowment	$ -	$ 350,376

(14) Endowment funds

The Corporation's endowment consists of a fund established for a specific purpose. The endowment includes donor-restricted funds and funds designated by the Board of Directors to function as an endowment. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The investment objective is to meet or exceed the market index, or blended market index, selected and agreed upon by the Corporation or provide an acceptable return with lower volatility or credit risk. In order to meet its needs, the investment strategy of the Corporation is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for endowment fund assets shall be long-term growth of capital and to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. The board of directors has interpreted the relevant law as requiring prudent preservation of the fund and evaluates the amounts of without donor restrictions income and the unrealized gains and losses periodically.

The Corporation has a policy of appropriating for distribution an amount of earned income based on a stipulated formula.

The endowment net assets by type of fund as of June 30, 2021 and 2020 are as follows:

	2021	2020
Donor-restricted endowment investment funds	$ 4,010,645	$ 4,010,645
Beneficial interest funds	1,000,000	1,000,000
Total endowment funds	$ 5,010,645	$ 5,010,645

The Corporation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the law, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Corporation, and (7) the Corporation's investment policies.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2019	$ 4,966,110	$ 4,361,021	$ 9,327,131
Net investment gains	784,247	-	784,247
Contributions	45,000	-	45,000
Withdrawals	-	(350,376)	(350,376)
Balance at June 30, 2020	5,795,357	4,010,645	9,806,002
Net investment gains	2,532,252	-	2,532,252
Contributions	29,165	-	29,165
Balance at June 30, 2021	$ 8,356,774	$ 4,010,645	$ 12,367,419

Endowment net assets without donor restrictions identified in the table above represent Board designated net assets and exclude the $1,000,000 of beneficial interest funds.

(15) Public support

The composition of public support during the years ended June 30, 2021 and 2020 is set forth in the following table:

	2021	2020
U.S. Department of Housing and Urban Development	$ 445,399	$ 334,733
U.S. Department of Health and Human Services	13,701,434	8,494,133
U.S. Department of Agriculture	471,051	507,799
Medicaid administrative outreach	3,034,293	3,259,533
Indiana Division of Mental Health	9,160,549	10,882,946
County and other local funds	6,043,440	5,267,248
Other public support	1,438,445	5,165,228
	$ 34,294,611	$ 33,911,620

(16) Defined contribution plan

The Corporation has a defined contribution plan (the "Plan"). Contributions are made to employees who meet the eligibility requirements. The Plan includes an employer match up to 3% of eligible compensation. Employer contributions to the Plan were approximately $829,000 and $843,000 for 2021 and 2020, respectively.

(17) Affiliated entities and related party transactions

The Corporation entered into certain working capital, administrative and general transactions with its Parent and affiliated entities as disclosed in Note 2(b) and Note 18. The Corporation has recorded a net related party payable as of June 30, 2021 and 2020. For the years ended June 30, 2021 and 2020, the Corporation incurred affiliated management fees for services provided by its Parent which include finance, payroll, human resources, marketing, executive support, and other supporting services. The Foundation received affiliated management fees for services provided to the Supported Organizations. These fees are allocated to the Supported Organizations based on direct allocation of specific services provided to the Supported Organizations for fundraising events and as an allocation of total operating expenses of the Foundation, excluding contribution expense. For the years ended June 30, 2021 and 2020, the Corporation incurred malpractice and liability insurance coverage of approximately $507,000 and $854,000, respectively, which is paid by the Parent and then reimbursed by the Corporation.

During 2019, the Parent refinanced debt with a financial institution. Concurrent with the refinance, the Parent paid two of the Corporation's notes payable with financial institutions. The Corporation entered into two notes payable with the Parent. The first note payable due to Parent was issued in the original amount of $1,307,846 maturing on January 31, 2029, with monthly installments of $9,682 and an interest rate of 6.41%. The balance outstanding was $1,226,467 and $1,261,674 at June 30, 2021 and 2020, respectively. The second note payable due to Parent was issued in the original amount of $2,441,502 used for capital expenditures. The note matures on January 31, 2029, with initial monthly installments of $16,207 and an interest rate of 5.07%. This note was amended multiple times during 2021 and 2020 to increase the outstanding balance as well as the monthly installments. The monthly installments were increased to $20,881 during 2021. The balance outstanding was $2,912,336 and $2,865,910 at June 30, 2021 and 2020, respectively.

Aggregate annual maturities of notes payable to related party as of June 30, 2021 is as follows:

Year	Amount
2022	$ 140,820
2023	148,770
2024	156,592
2025	166,026
2026	175,418
2027 and later years	3,351,177
	$ 4,138,803

The Foundation is a supporting organization to the affiliated entities. The Foundation has a net related party payable as of June 30, 2021 and 2020. During 2021 and 2020, the Foundation contributed approximately $1,109,000 and $1,336,000, respectively, to supported entities. For the year ended June 30, 2021 and 2020, the Foundation received affiliated management fees of approximately $840,000 and $1,100,000, respectively, for services provided to its affiliates. This revenue is included within affiliated management fees within the consolidated statement of activities and changes in net assets.

The Corporation is a management agent and sponsor of six multi-family residential apartments and two supervised living group homes for the mentally ill. Each of these eight communities is a separate not-for-profit center. Management revenue of approximately $22,000 and $24,000 was recorded during the years ended June 30, 2021 and 2020, respectively.

The Corporation contracts with Red Oak Industries to provide cleaning services and has recorded associated fees in the approximate amount of $19,000 and $37,000 during the years ended June 30, 2021 and 2020, respectively.

Centerstone of Indiana, Inc. entered into an operating loan agreement with Centerstone Health Services. The loan is up to an amount of $500,000 and bears interest at a fixed rate of 6.00%. During 2021, the loan exceeded the original borrowing base. An amendment to the loan is expected to be executed in 2022. The loan is due in December 2024 at which time principal and any unpaid interest shall be due. The balance outstanding at June 30, 2021 and 2020 was $1,213,000 and $478,000, respectively. Centerstone of Indiana, Inc. also entered into a facility lease agreement with Centerstone Health Services which includes monthly interest payments of approximately $2,100 and matures in November 2029. Centerstone of Indiana, Inc. entered into a professional services and provider lease agreement with Centerstone Health Services whereby Centerstone of Indiana, Inc. provides certain health care services for Centerstone Health Services and is reimbursed by Centerstone Health Services. All of the Corporation's intercompany accounts and transactions have been eliminated.

(18) Commitments and contingencies

Operating leases

The Corporation leases various non-cancelable operating leases for facilities and equipment. Rent expense was approximately $2,466,000 and $2,544,000 in 2021 and 2020, respectively. A summary of approximate future minimum payments under these leases as of June 30, 2021 is as follows:

2022	$ 1,631,000
2023	1,443,000
2024	841,000
Total minimum lease payments	$ 3,915,000

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2021.

Monroe County constructed the Bloomington facility, which was completed in July 1982, and entered into a lease agreement with the Corporation for $1.00 per year. The property reverts to the County if the Corporation ceases to use it for certain specified purposes. The fair market value of the facility space provided by the lease approximated $1,039,000 and $1,007,000 for the years ended June 30, 2021 and 2020, respectively, and is included in other revenue and facilities and equipment expense in the accompanying consolidated statements of activities and changes in net assets.

Insurance

Through the Parent, the Corporation maintains professional and general liability insurance to cover medical malpractice claims and insurance related to employee health benefit programs.

The professional and general liability insurance includes known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to clients. The State of Indiana puts a judgment cap of $1,250,000 on malpractice claims for those institutions and individual physicians willing to participate in the state funded insurance "pool." The "pool" requires that an institution/physician be responsible for the first $250,000 of every claim and the State will fund the remaining balance of each claim.

Effective April 12, 2021, the Parent established Homewood Insurance Company, Inc. as a pure captive insurance company. The Corporation is self-insured through Homewood Insurance Company, Inc. for professional, general and workers' compensation claims. The Corporation makes necessary contributions to Homewood Insurance Company, Inc. for claims made under the captive. For the year ended June 30, 2021, the Corporation recognized expense of approximately $247,000 for claims incurred but not reported.

The Corporation is self-insured for certain costs related to employee health benefit programs. Expenses resulting from claims experience are recorded as incurred including an estimate of claims incurred but not reported. The related expense for the years ended June 30, 2021 and 2020 approximated $7,436,000 and $7,135,000, respectively. The Corporation has purchased insurance, which limits its exposure on a per individual basis to $300,000 and no annual aggregate. The estimate of claims incurred but not reported for employee health benefit programs are recorded as a liability by the Parent, with the appropriate expense allocated to the Corporation.

Litigation

A contractor of the State of Indiana previously conducted certain audits related to documentation supporting claims billed under the MRO. The Corporation has engaged legal counsel and has filed a request for an administrative appeal for the audit findings. Management has included a related provision of approximately $359,000 and $354,000 as part of estimated third-party settlements on the accompanying consolidated statements of financial position as of June 30, 2021 and 2020, respectively.

The Corporation is involved in certain litigation arising in the ordinary course of business and has made provisions for any known estimable settlements. The Corporation is also involved in other litigation for which the outcome is unknown. After consultation with legal counsel, it is management's opinion that these matters will be resolved without material adverse effect on the Corporation's financial position, results of operations, and cash flows.

Guarantees

The Corporation is a guarantor, along with certain other affiliated entities of loans in the amount of $29,000,000 including a $15,000,000 taxable term loan that requires monthly principal and interest payments and bears interest at LIBOR plus the applicable margin for the taxable term loan (2.25% at June 30, 2021) and a $14,000,000 tax-exempt term loan that requires monthly principal and interest payments and bears interest at LIBOR plus the applicable margin for the tax-exempt term loan (1.12% at June 30, 2021). The balance outstanding was approximately $27,462,000 and $27,960,000 as of June 30, 2021 and 2020, respectively. This loan is collateralized with certain buildings and real estate. The loan balance at June 30, 2021 includes deferred interest on the tax-exempt term loan of approximately $237,000. The loan matures January 31, 2029.

The Corporation is also a guarantor with certain other affiliated entities to a revolving promissory note issued to the Parent in the amount of $5,000,000. The Parent had no borrowings outstanding on the line of credit as of June 30, 2021 and 2020. The line of credit is collateralized with buildings, real estate, and accounts receivable. The line of credit matures on January 31, 2022.

Should the Corporation be required to pay any portion of the total amount of the loans it has guaranteed, the Corporation could attempt to recover some or the entire amount from guarantee parties. The Corporation holds certain identified properties as collateral in respect of the guarantees.

Health care industry

The delivery of personal health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The Corporation is insured with respect to medical malpractice risk on a claims-made basis. The Corporation also maintains insurance for general liability, director and officer liability and property. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the Corporation indemnifies certain officers and directors for actions taken on behalf of the Corporation. Management is not aware of any claims against the Corporation which would have a material financial impact.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for client services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigation and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for client services previously billed. Management believes that the Corporation is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Health care reform

The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic and regulatory influences. Notably, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") resulted in expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the U.S. health care system. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursements for various health care providers as well as certain other changes to Medicare payment methodologies. This comprehensive health care legislation has resulted and will continue to result in extensive rulemaking by regulatory authorities, and also may be altered, amended, repealed, or replaced.

It is difficult to predict the full impact of the Affordable Care Act due to the complexity of the law and implementing regulations, as well as the Corporation's inability to foresee how CMS and other participants in the health care industry will respond to the choices available to them under the law. The Corporation also cannot accurately predict whether any new or pending legislative proposals will be adopted or, if adopted, what effect, if any, these proposals would have on the Corporation's business. Similarly, while the Corporation can anticipate that some of the rulemaking that will be promulgated by regulatory authorities will affect the Corporation's business and the manner in which the Corporation is reimbursed by the federal health care programs, the Corporation cannot accurately predict today the impact of those regulations on the Corporation's business. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase costs, decrease revenues, expose the Corporation to expanded liability or require the Corporation to revise the ways in which it conducts business.

CENTERSTONE OF INDIANA, INC.

Consolidating Statement of Financial Position

June 30, 2021

	Centerstone of Indiana, Inc.	Centerstone Foundation, Inc.	Independent Living Alternatives, Inc.	Supportive Housing, LLC	Kinser Flats, LP	Centerstone Health Services, Inc.	Eliminations	Total
Assets								
Current assets:								
Cash and cash equivalents	$ 17,284,906	$ 474,830	$ 231,124	$ 165,723	$ 110,540	$ 63,922	$ -	$ 18,331,045
Restricted cash	1,006,243	-	-	-	-	-	-	1,006,243
Accounts receivable	3,160,671	-	-	-	-	273,695	-	3,434,366
Other receivables	5,362,303	-	7,172	12,261	-	278,065	(773,464)	4,886,337
Unconditional promises to give, net	-	185,572	-	-	-	-	-	185,572
Prepaid expenses and other current assets	846,264	5,878	-	-	-	-	-	852,142
Total current assets	27,660,387	666,280	238,296	177,984	110,540	615,682	(773,464)	28,695,705
Property and equipment, net	17,921,698	-	147,965	6,785,100	9,401,892	13,181	-	34,269,836
Other assets	1,272,986	-	-	-	-	-	(1,213,000)	59,986
Beneficial interest	-	1,536,183	-	-	-	-	-	1,536,183
Assets whose use is limited	-	12,367,419	-	-	-	-	-	12,367,419
Total assets	$ 46,855,071	$ 14,569,882	$ 386,261	$ 6,963,084	$ 9,512,432	$ 628,863	$ (1,986,464)	$ 76,929,129
Liabilities and net assets (deficit)								
Current liabilities:								
Current portion of long-term debt	$ 200,000	$ -	$ 24,352	$ 499,083	$ -	$ -	$ -	$ 723,435
Current portion of notes payable to Parent	140,820	-	-	-	-	-	-	140,820
Accounts payable and accrued expenses	2,218,370	23,209	38,843	26,358	304,026	518,478	(773,464)	2,355,820
Estimated third-party settlements	583,036	-	-	-	-	-		583,036
Due to affiliated entities	1,390,400	57,482	-	-	-	-	-	1,447,882
Accrued payroll, benefits and taxes	4,440,471	69,379	-	2,639	-	7,144	-	4,519,633
Total current liabilities	8,973,097	150,070	63,195	528,080	304,026	525,622	(773,464)	9,770,626
Long-term debt, excluding current portion, net of deferred financing costs	186,722	-	362,200	3,636,417	7,878,097	1,213,000	(1,213,000)	12,063,436
Notes payable to Parent, excluding current portion	3,997,983	-	-	-	-	-	-	3,997,983
Other long-term liabilities	-	-	-	400,000	1,400,957	-	-	1,800,957
Total liabilities	13,157,802	150,070	425,395	4,564,497	9,583,080	1,738,622	(1,986,464)	27,633,002
Net assets (deficit):								
Without donor restrictions	33,697,269	9,205,959	(39,134)	2,398,587	(70,648)	(1,109,759)	-	44,082,274
With donor restrictions	-	5,213,853	-	-	-	-	-	5,213,853
Total net assets (deficit)	33,697,269	14,419,812	(39,134)	2,398,587	(70,648)	(1,109,759)	-	49,296,127
Total liabilities and net assets	$ 46,855,071	$ 14,569,882	$ 386,261	$ 6,963,084	$ 9,512,432	$ 628,863	$ (1,986,464)	$ 76,929,129

See accompanying independent auditors' report.

CENTERSTONE OF INDIANA, INC.

Consolidating Statement of Activities and Changes in Net Assets

Year ended June 30, 2021

	Centerstone of Indiana, Inc.	Centerstone Foundation, Inc.	Independent Living Alternatives, Inc.	Supportive Housing, LLC	Kinser Flats, LP	Centerstone Health Services, Inc.	Eliminations	Total
Revenue and other support:								
Net client service revenue	$ 50,998,486	$ -	$ -	$ -	$ -	$ 803,347	$ -	$ 51,801,833
Public support	33,029,879	-	-	940,261	-	579,152	(254,681)	34,294,611
Affiliated management fees	-	843,733	-	-	-	-	(280,118)	563,615
Other revenue	4,152,724	-	166,415	-	-	10,630	(1,507,114)	2,822,655
Total revenue and other support	88,181,089	843,733	166,415	940,261	-	1,393,129	(2,041,913)	89,482,714
Expenses:								
Salary and fringe benefits	56,799,555	596,086	-	48,395	54,089	1,419,136	(1,255,129)	57,662,132
Professional fees	2,571,161	37,968	-	-	-	262,845	(240,493)	2,631,481
Facilities and equipment	4,250,855	63,473	43,291	198,107	1,070	59,736	(80,920)	4,535,612
Depreciation and amortization	1,207,283	-	15,069	228,914	30,487	1,190	-	1,482,943
Travel and transportation	860,182	4,215	-	-	-	6,358	(5,307)	865,448
Supplies	1,418,037	2,352	-	-	-	89,848	(87,588)	1,422,649
Communications	842,654	5,407	-	-	-	2,385	(2,385)	848,061
Affiliated management fees	11,353,771	-	-	22,466	-	-	(302,584)	11,073,653
Interest	213,198	-	36,712	-	-	50,000	(50,000)	249,910
Miscellaneous	2,599,995	1,264,967	38,677	91,518	15,774	59,141	(67,491)	4,002,581
Total expenses	82,116,691	1,974,468	133,749	589,400	101,420	1,950,639	(2,091,897)	84,774,470
Operating income (loss)	6,064,398	(1,130,735)	32,666	350,861	(101,420)	(557,510)	49,984	4,708,244

See accompanying independent auditors' report.

CENTERSTONE OF INDIANA, INC.

Consolidating Statement of Activities and Changes in Net Assets

Year ended June 30, 2021

	Centerstone of Indiana, Inc.	Centerstone Foundation, Inc.	Independent Living Alternatives, Inc.	Supportive Housing, LLC	Kinser Flats, LP	Centerstone Health Services, Inc.	Eliminations	Total
Nonoperating income (expenses):								
Contributions	$ 315,877	$ 1,773,066	$ -	$ -	$ 37,017	$ -	$ -	$ 2,125,960
Realized gain on investments	-	1,233,718	-	-	-	-	-	1,233,718
Unrealized gain on investments	-	1,139,171	-	-	-	-	-	1,139,171
Investment income, net	50,549	159,434	-	-	-	-	(50,000)	159,983
Gain on disposal of assets	66,354	-	-	-	-	-	-	66,354
Other	(371,830)	89,288	-	-	-	-	16	(282,526)
Total nonoperating income (expenses)	60,950	4,394,677	-	-	37,017	-	(49,984)	4,442,660
Excess of revenues over expenses (expenses over revenues)	6,125,348	3,263,942	32,666	350,861	(64,403)	(557,510)	-	9,150,904
Other changes in net assets without donor restrictions -								
Contributions to supported entities	2,144	(210,604)	-	-	-	-	-	(208,460)
Change in net assets without donor restrictions	6,127,492	3,053,338	32,666	350,861	(64,403)	(557,510)	-	8,942,444
Change in net assets with donor restrictions - contributions	-	49,235	-	-	-	-	-	49,235
Change in net assets	6,127,492	3,102,573	32,666	350,861	(64,403)	(557,510)	-	8,991,679
Net assets (deficit) at beginning of year	27,569,777	11,317,239	(71,800)	2,047,726	(6,245)	(552,249)	-	40,304,448
Net assets (deficit) at end of year	$ 33,697,269	$ 14,419,812	$ (39,134)	$ 2,398,587	$ (70,648)	$ (1,109,759)	$ -	$ 49,296,127

See accompanying independent auditors' report.

CENTERSTONE OF INDIANA, INC.

Consolidating Statement of Financial Position

June 30, 2020

	Centerstone of Indiana, Inc.	Centerstone Foundation, Inc.	Independent Living Alternatives, Inc.	Supportive Housing, LLC	Kinser Flats, LP	Centerstone Health Services, Inc.	Eliminations	Total
Assets								
Current assets:								
Cash and cash equivalents	$ 8,844,361	$ 692,573	$ 204,230	$ 94,152	$ 17,766	$ 61,247	$ -	$ 9,914,329
Restricted cash	875,402	-	-	-	-	-	-	875,402
Accounts receivable	3,959,672	-	-	-	-	47,403	-	4,007,075
Other receivables	4,879,474	-	9,354	20,142	-	-	(178,002)	4,730,968
Estimated third-party settlements, net	760,741	-			-	-		760,741
Unconditional promises to give, net	-	320,923	-	-	-	-	-	320,923
Prepaid expenses and other current assets	487,335	3,293	815	13,395	-	-	-	504,838
Total current assets	19,806,985	1,016,789	214,399	127,689	17,766	108,650	(178,002)	21,114,276
Property and equipment, net	17,951,295	-	163,589	7,012,336	5,227,576	4,070	-	30,358,866
Other assets	536,518	-	-	-	-	-	(478,000)	58,518
Unconditional promises to give, net	-	35,000	-	-	-	-	-	35,000
Beneficial interest	-	1,303,099	-	-	-	-	-	1,303,099
Assets whose use is limited	-	9,806,002	-	-	-	-	-	9,806,002
Total assets	$ 38,294,798	$ 12,160,890	$ 377,988	$ 7,140,025	$ 5,245,342	$ 112,720	$ (656,002)	$ 62,675,761
Liabilities and net assets (deficit)								
Current liabilities:								
Current portion of long-term debt	$ 200,000	$ -	$ 15,100	$ 499,086	$ -	$ -	$ -	$ 714,186
Current portion of notes payable to Parent	128,421	-	-	-	-	-	-	128,421
Accounts payable and accrued expenses	2,581,153	11,887	41,043	45,972	505,285	178,002	(178,002)	3,185,340
Due to (from) affiliated entities	(469,247)	749,625	-	-	-	-	-	280,378
Accrued payroll, benefits and taxes	3,907,660	82,139	-	2,744	-	8,967	-	4,001,510
Total current liabilities	6,347,987	843,651	56,143	547,802	505,285	186,969	(178,002)	8,309,835
Long-term debt, excluding current portion, net of deferred financing costs	377,871	-	393,645	4,144,497	3,345,345	478,000	(478,000)	8,261,358
Notes payable to Parent, excluding current portion	3,999,163	-	-	-	-	-	-	3,999,163
Other long-term liabilities	-	-	-	400,000	1,400,957	-	-	1,800,957
Total liabilities	10,725,021	843,651	449,788	5,092,299	5,251,587	664,969	(656,002)	22,371,313
Net assets (deficit):								
Without donor restrictions	27,569,777	6,152,621	(71,800)	2,047,726	(6,245)	(552,249)	-	35,139,830
With donor restrictions	-	5,164,618	-	-	-	-	-	5,164,618
Total net assets (deficit)	27,569,777	11,317,239	(71,800)	2,047,726	(6,245)	(552,249)	-	40,304,448
Total liabilities and net assets	$ 38,294,798	$ 12,160,890	$ 377,988	$ 7,140,025	$ 5,245,342	$ 112,720	$ (656,002)	$ 62,675,761

See accompanying independent auditors' report.

CENTERSTONE OF INDIANA, INC.

Consolidating Statement of Activities and Changes in Net Assets

Year ended June 30, 2020

	Centerstone of Indiana, Inc.	Centerstone Foundation, Inc.	Independent Living Alternatives, Inc.	Supportive Housing, LLC	Kinser Flats, LP	Centerstone Health Services, Inc.	Eliminations	Total
Revenue and other support:								
Net client service revenue	$ 46,707,558	$ -	$ -	$ -	$ -	$ 196,433	$ -	$ 46,903,991
Public support	32,884,670	-	-	1,016,294	-	485,476	(474,820)	33,911,620
Affiliated management fees	-	1,053,637	-	-	-	-	(240,571)	813,066
Other revenue	3,648,081	-	159,510	-	-	-	(608,444)	3,199,147
Total revenue and other support	83,240,309	1,053,637	159,510	1,016,294	-	681,909	(1,323,835)	84,827,824
Expenses:								
Salary and fringe benefits	56,099,691	778,607	-	43,140	-	848,731	(778,162)	56,992,007
Professional fees	2,417,622	34,535	-	-	-	193,794	(93,214)	2,552,737
Facilities and equipment	4,449,497	68,053	44,316	651,471	305	48,877	(23,646)	5,238,873
Depreciation and amortization	1,209,316	-	15,624	228,914	-	1,018	-	1,454,872
Travel and transportation	1,496,123	18,378	-	-	-	9,556	(10,831)	1,513,226
Supplies	1,290,095	3,304	-	-	-	63,000	(98,944)	1,257,455
Communications	835,381	6,104	-	-	-	308	(308)	841,485
Affiliated management fees	10,072,516	-	-	24,098	-	-	(264,669)	9,831,945
Interest	275,184	-	38,682	-	-	12,320	(12,320)	313,866
Miscellaneous	2,727,888	1,243,189	37,578	79,935	5,940	56,554	(54,061)	4,097,023
Total expenses	80,873,313	2,152,170	136,200	1,027,558	6,245	1,234,158	(1,336,155)	84,093,489
Operating income (loss)	2,366,996	(1,098,533)	23,310	(11,264)	(6,245)	(552,249)	12,320	734,335

See accompanying independent auditors' report.

CENTERSTONE OF INDIANA, INC.

Consolidating Statement of Activities and Changes in Net Assets

Year ended June 30, 2020

	Centerstone of Indiana, Inc.	Centerstone Foundation, Inc.	Independent Living Alternatives, Inc.	Supportive Housing, LLC	Kinser Flats, LP	Centerstone Health Services, Inc.	Eliminations	Total
Nonoperating income (expenses):								
Contributions	$ 370,956	$ 2,038,595	$ -	$ -	$ -	$ -	$ -	$ 2,409,551
Realized loss on investments	-	(93,667)	-	-	-	-	-	(93,667)
Unrealized gain on investments	-	373,424	-	-	-	-	-	373,424
Investment income, net	13,747	140,134	-	-	-	-	(12,320)	141,561
Gain on disposal of assets	210,636	-	-	-	-	-	-	210,636
Other	(70,692)	(171,202)	-	-	-	-	-	(241,894)
Total nonoperating income (expenses)	524,647	2,287,284	-	-	-	-	(12,320)	2,799,611
Excess of revenues over expenses (expenses over revenues)	2,891,643	1,188,751	23,310	(11,264)	(6,245)	(552,249)	-	3,533,946
Other changes in net assets without donor restrictions:								
Contributions to supported entities	1,932	(211,843)	-	-	-	-	-	(209,911)
Net assets released from restrictions	-	350,376	-	-	-	-	-	350,376
Total other changes in net assets without donor restrictions	1,932	138,533	-	-	-	-	-	140,465
Change in net assets without donor restrictions	2,893,575	1,327,284	23,310	(11,264)	(6,245)	(552,249)	-	3,674,411
Change in net assets with donor restrictions:								
Contributions	-	10,000	-	-	-	-	-	10,000
Net assets released from restriction	-	(350,376)	-	-	-	-	-	(350,376)
Change in net assets with donor restrictions:	-	(340,376)	-	-	-	-	-	(340,376)
Change in net assets	2,893,575	986,908	23,310	(11,264)	(6,245)	(552,249)	-	3,334,035
Net assets (deficit) at beginning of year	24,676,202	10,330,331	(95,110)	2,058,990	-	-	-	36,970,413
Net assets (deficit) at end of year	$ 27,569,777	$ 11,317,239	$ (71,800)	$ 2,047,726	$ (6,245)	$ (552,249)	$ -	$ 40,304,448

See accompanying independent auditors' report.

CENTERSTONE OF INDIANA, INC.

Schedule of Expenditures of State and Local Awards
Year ended June 30, 2021

Grantor		Expenditures
State		
Indiana Division of Mental Health and Addiction	$	9,160,549
Indiana Family & Social Services		75,749
Total state awards		9,236,298
Local		
Anderson County Funds		80,000
Bartholomew County Funds		667,037
Brown County Funds		18,848
Decatur County Funds		213,295
Fayette County Funds		175,113
Jackson County Funds		243,131
Jefferson County Funds		137,395
Jennings County Funds		157,100
Lawrence County Funds		136,321
Marion County Funds		118,603
Monroe County Funds		833,969
Morgan County Funds		422,506
Owen County Funds		93,954
Rush County Funds		165,228
Randolph County Funds		163,821
Union County Funds		47,870
Wayne County Funds		516,711
Other		1,852,538
Total local awards		6,043,440
	$	15,279,738

Note - The accompanying schedule of expenditures of state and local awards for the year ended June 30, 2021, includes the state award activity of the Corporation on the accrual basis of accounting. The basic financial statement classifications may include other financial activity for reporting purposes. Therefore, some of the amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The schedule of expenditures of federal awards for the Corporation for the year ended June 30, 2021 is included in the Consolidated Single Audit of Centerstone of America, Inc.

CENTERSTONE OF AMERICA, INC.

Consolidated Single Audit Report

June 30, 2021

LBMC MAKE A GOOD BUSINESS BETTER

CENTERSTONE OF AMERICA, INC.

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LBMC MAKE A GOOD BUSINESS BETTER

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

To the Board of Directors
Centerstone of America, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Centerstone of America, Inc. and subsidiaries (collectively, the "Corporation"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

LBMC, PC

Brentwood, Tennessee
November 30, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Centerstone of America, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Centerstone of America, Inc. and subsidiaries (collectively, the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2021. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Corporation as of and for the year ended June 30, 2021, and have issued our report thereon dated November 30, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

LBMC, PC

Brentwood, Tennessee
November 30, 2021

Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

U.S. Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing ("AL") Number	Pass-Through Grantor Number	Federal Expenditures	Passed-through to Subrecipients
Centerstone of Indiana, Inc.:				
U.S. Department of Agriculture				
Special Supplemental Nutrition Program for WIC - Passed through the Indiana State Department of Health	10.557	202IN002W1003, 192IN002W1003	$ 471,051	$ -
U.S. Department of Housing and Urban Development				
Supportive Housing Program	14.235	N/A	351,208	-
Emergency Solutions Grant Program - Passed through the Indiana Housing and Community Development Authority	14.231	N/A	94,191	-
Total U.S. Department of Housing and Urban Development			445,399	-
U.S. Department of Health and Human Services				
Passed through the Indiana Division of Mental Health				
Administration for Children and Families Grant	93.086	90FK0102-01-00	337,159	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	16,852	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SP021203-01, 1H79SM062225-01, 1H79TI026257-01, 1H79SM080690-01, 1H79SM082753-01	1,181,429	-
COVID-19 - Emergency Grants to Address Mental Health and Substance Use Disorders During COVID-19	93.665	1H79FG000231-01	442,482	-
COVID-19 - Emergency Response for Suicide Prevention	93.665	1H79FG000520-01	531,667	-
Social Services Block Grant	93.667	N/A	319,424	-
Comprehensive Opioid Recovery Centers	93.788	1H9TI083098-01	502,255	-
Certified Community Behavioral Health Clinic	93.829	1H79SM081852-01	531,375	254,681
COVID-19 - Certified Community Behavioral Health Clinic	93.829	1H79SM083121-01	1,671,096	-
Healthy Start Initiative - Eliminating Racial/Ethnic Disparities	93.926	1 H49MC32724-01-00	1,175,381	75,680
Block Grants for Community Mental Health Services	93.958	N/A	651,148	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	2,243,268	-
Total passed through the Indiana Division of Mental Health			9,603,536	330,361
COVID-19 - Provider Relief Funds	93.498	N/A	81,258	-
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	93.527	1 L2CCS42376-01-00	233,690	-
Total U.S. Department of Health and Human Services			9,918,484	330,361
U.S. Department of the Treasury				
Passed through the Indiana Division of Mental Health				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	948,034	-
Total Centerstone of Indiana, Inc.			$ 11,782,968	$ 330,361
Centerstone of Tennessee, Inc.:				
U.S. Department of Veteran's Affairs				
VA Supportive Services for Veteran Families Program	64.033	2019-ZZ-070	1,674,865	-
COVID-19 - VA Supportive Services for Veteran Families CARES Program	64.033	2019-ZZ-070CARES	3,104,315	-
Total U.S. Department of Veteran's Affairs			4,779,180	-

See accompanying notes to schedule of expenditures of federal awards.

CENTERSTONE OF AMERICA, INC.

Schedule of Expenditures of Federal Awards (continued)
Year ended June 30, 2021

U.S. Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor Number	Federal Expenditures	Passed-through to Subrecipients
U.S. Department of Health and Human Services				
Passed through the State of Tennessee, Department of				
Mental Health and Substance Abuse Services				
Tennessee Lives Count - Connect 2	93.243	65639	215,272	-
Tennessee Lives Count - Connect 2	93.243	68760	232,527	-
TARGET Zero Suicide 2	93.243	63986	122,504	-
Better Attitudes and Skills in Children (B.A.S.I.C.)	93.958	66581	312,002	-
Community Targeted Transitional Support (ILA)	93.958	66582	123,319	-
Regional Intervention Program	93.958	66878	283,213	-
Older Adult Program	93.958	62691	67,773	-
Inpatient Targeted Transitional Support	93.958	66524	100,000	-
School Based Behavioral Health Liaison Decatur County	93.958	66813	48,093	-
TN Prevention Network	93.959	65807	228,638	-
Tennessee Disaster Response Initiative	93.982	69229	112,021	-
COVID-19 - Regular Service Program	93.982	68667	684,136	-
Total passed through the State of Tennessee, Department of Mental Health and Substance Abuse Services			2,529,498	-
CHAT	93.243	3H79SP021693	200,998	-
ATDC Expansion	93.243	H79TI081062	229,266	-
GABHI - Integrated Community Services	93.243	5H79TI08453	337,513	-
Centerstone's Engagement and Tx Services (CETS)	93.243	5H79TI080668	519,523	-
Centerstone Integrated Treatment, Care, and Prevention (ITCP)	93.243	5H79SM080583	466,896	-
Centerstone MAT Services (C-MAT)	93.243	5H79TI081381	535,870	-
Healthy Youth	93.297	TP1AH000252	891,797	-
COVID-19 - Provider Relief Funds	93.498	N/A	86,223	-
TN - Emergency Response Suicide Prevention	93.665	1H79FG000377	520,349	-
Certified Community Behavioral Health Clinic	93.829	1H79SM083124	2,044,140	-
Healthy Start Initiative	93.926	H49MC27830	1,096,968	81,325
Passed through the State of Tennessee, Department of Health				
Telemental Health Training Project	93.136	70003	26,666	-
Evidence-Based Home Visitation Services	93.870	60194	1,223,809	-
Total passed through the State of Tennessee, Department of Health			1,250,475	-
Total U.S. Department of Health and Human Services			10,709,516	81,325
U.S. Department of Homeland Security				
Passed through the State of Tennessee, Department of				
Mental Health and Substance Abuse Services				
COVID-19 - Immediate Services Crisis Counseling Program	97.032	67433	237,149	-
Total Centerstone of Tennessee, Inc.			$ 15,725,845	$ 81,325
Centerstone of Illinois, Inc.:				
U.S. Department of Housing and Urban Development				
Continuum of Care Grant	14.267	N/A	$ 287,766	$ -
U.S. Department of the Treasury				
Passed through the Illinois Department of Health and Human Services				
COVID-19 - Coronavirus Relief Fund	21.019	156424900	9,646	-
COVID-19 - Coronavirus Relief Fund	21.019	176424900	50,000	-
Total passed through the Illinois Department of Health and Human Services			59,646	-
Passed through the Illinois Department of Healthcare and Family Services				
COVID-19 - Coronavirus Relief Fund	21.019	CURE000941	1,577,184	-
Total U.S Department of the Treasury			1,636,830	-
U.S. Department of Health and Human Services				
Passed through the Illinois Department of Health and Human Services				
Opioid STR	93.788	26646490S	548,179	147,200
Promoting Integration of Primary and Behavioral HC Project	93.243	225924900	432,856	-
COVID-19 - Emergency Grants to Address Mental Health and Substance Use Disorders During COVID-19	93.665	2659249CV	82,923	-
Social Services Block Grant	93.667	807624900	40,890	-
Community Mental Health Services Block Grant	93.958	22876440A	931,284	-
Substance Abuse Prevention and Treatments Block Grants	93.959	260134400 and 26013490P	1,354,811	-
Total passed through the Illinois Department of Health and Human Services			3,390,943	147,200

See accompanying notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards (continued)
Year ended June 30, 2021

U.S. Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor Number	Federal Expenditures	Passed-through to Subrecipients
Early Head Start	93.600	05CH011234-01-01	805,282	-
Youth and Family Tree	93.243	1H79TI081314	329,409	-
Grants for the Benefit of Homeless Individuals (GBHI)	93.243	1H79T1082623-01	289,550	-
National Child Traumatic Stress Initiative - Cat III	93.243	1H79SM082770-01	174,689	-
COVID-19 - Provider Relief Funds	93.498	N/A	31,364	-
Certified Community Behavioral Health Clinic	93.829	1H79SM081851	216,115	-
COVID-19 - Certified Community Behavioral Health Clinic	93.829	1H79SM083122-01	1,144,012	-
Centerstone's Partnership to Help Children and Families Flourish	93.087	90CU0096-01-00	391,219	-
Age Smart	93.052	3 E Caregiver Counseling	43,200	-
Total U.S. Department of Health and Human Services			6,815,783	147,200
Total Centerstone of Illinois, Inc.			$ 8,740,379	$ 147,200
Centerstone of Florida, Inc.:				
U.S. Department of Justice				
Passed through the State of Florida Office of Attorney General				
Crime Victim Assistance	16.575	VOCA-2019-Centerstone, I-00123	$ 44,142	$ -
Crime Victim Assistance	16.575	VOCA-2020-Centerstone, I-00614	142,494	-
Total passed through the State of Florida Office of Attorney General			186,636	-
Passed through Manatee County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020 DJ BX 0129	17,593	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JAGC-MANA-4-5R-073	24,500	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019 DJ BX 0890	70,373	-
Total passed through Manatee County			112,466	-
Total U.S. Department of Justice			299,102	-
U.S. Federal Communications Commission				
COVID-19 - Telehealth Program	32.006	N/A	104,931	-
Department of Homeland Security Federal Emergency Management Agency				
Passed through the Florida Division of Emergency Management				
COVID-19 - Public Assistance	97.036	Z2647	267,651	-
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1U79SM063055-01	398,509	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM080891-01	723,670	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI081156-01	878,156	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI081990-01	360,097	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI083123-01	1,471,257	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM082939-01	621,511	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79FG000378-01	524,368	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.829	1H79TI082621-01	362,595	-
Health Resources and Services Administration Graduate Psychology Education Programs	93.191	D40HP33338	412,843	-
COVID-19 - Provider Relief Fund	93.498	N/A	261,429	-
COVID-19 - CARES Act for Supportive Services under Title III-B of the Older Americans Act	93.044	CARES-20/21-CEN	1,444	-

See accompanying notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards (continued)
Year ended June 30, 2021

U.S. Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor Number	Federal Expenditures	Passed-through to Subrecipients
Passed through the Central Florida Behavioral Health Network				
Temporary Assistance to Needy Families	93.558	QG026-21	83,123	-
Block Grants for Community Mental Health Services	93.958	QG026-21	13,976,925	-
Block Grants for Community Mental Health Services	93.958	QG026-21VC	203,426	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	QG026-21	3,852,396	-
Medical Assistance Program	93.778	QG026-21	1,060,835	-
SA&MH Services - Projects of Regional & National Significance	93.243	QG026-21	29,221	-
Comprehensive Community Mental Health	93.104	QG026-21	302,208	-
State Targeted Response to the Opioid Crisis Grants	93.788	QG026-21	330,159	-
Total passed through the Central Florida Behavioral Health Network			19,838,293	-
Total U.S. Department of Health and Human Services			25,854,172	-
U.S. Department of the Treasury				
Passed through Manatee County				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	1,025,363	-
Passed through Lee County				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	19,103	-
Passed through the Central Florida Behavioral Health Network				
COVID-19 - Coronavirus Relief Fund	21.019	QG026-21	10,000	-
Total U.S Department of the Treasury			1,054,466	-
U.S. Department of Housing and Urban Development				
Passed through Lee County				
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	8918	277,197	-
Total Centerstone of Florida, Inc.			$ 27,857,519	$ -
Centerstone Research Institute, Inc.:				
U.S. Department of Health and Human Services				
Passed through the State of Tennessee, Department of Mental Health and Substance Abuse Services				
CHR-P Youth and Young Adults	93.243	64179	$ 3,904	$ -
CHR-P Youth and Young Adults	93.243	68002	27,083	-
Systems of Care Across Tennessee (SOCAT) - Network	93.104	69426	29,911	-
Systems of Care Across Tennessee (SOCAT) - TANF	93.558	70380	31,176	-
Systems of Care Across Tennessee (SOCAT)	93.243	64144	130,167	-
Targeted Efficacy and Capacity Building in Opioid Treatment - Tennessee (TECBOT)	93.243	64298	100,282	-
Targeted Efficacy and Capacity Building in Opioid Treatment - Tennessee Expansion (TECBOT - TN X)	93.243	67418	49,988	-
Targeted Efficacy and Capacity Building in Opioid Treatment - Tennessee Expansion (TECBOT - TN X)	93.243	64201	17,380	-
Therapeutic Intervention, Education and Skills (TIES)	93.558	63355	96,242	-
Comprehensive Suicide Prevention	93.136	69859	7,544	-
Total passed through the State of Tennessee, Department of Mental Health and Substance Abuse Services			493,677	
Zero Suicide	93.243	1H79SM083412	241,099	-
Healthy Start Initiative, passed through Centerstone of Tennessee, Inc.	93.926	H49MC27830	81,325	-
Healthy Start Initiative, passed through Centerstone of Indiana, Inc.	93.926	H49MC27830	75,680	-
Total Centerstone Research Institute, Inc.			$ 891,781	$ -
Total federal expenditures			$ 64,998,492	$ 558,886

See accompanying notes to schedule of expenditures of federal awards.

The schedule below is a summation of awards listed by Assistance Listing (AL) number.

AL #	Total Expenditures
10.557	$ 471,051
14.218	$ 277,197
14.231	$ 94,191
14.235	$ 351,208
14.267	$ 287,766
16.575	$ 186,636
16.738	$ 112,466
21.019	$ 3,639,330
32.006	$ 104,931
64.033	$ 4,779,180
93.044	$ 1,444
93.052	$ 43,200
93.086	$ 337,159
93.087	$ 391,219
93.104	$ 332,119
93.136	$ 34,210
93.150	$ 16,852
93.191	$ 412,843
93.243	$ 10,844,994
93.297	$ 891,797
93.498	$ 460,274
93.527	$ 233,690
93.558	$ 210,541
93.600	$ 805,282
93.665	$ 1,577,421
93.667	$ 360,314
93.778	$ 1,060,835
93.788	$ 1,380,593
93.829	$ 5,969,333
93.870	$ 1,223,809
93.926	$ 2,429,354
93.958	$ 16,697,183
93.959	$ 7,679,113
93.982	$ 796,157
97.032	$ 237,149
97.036	$ 267,651
	$ 64,998,492

See accompanying notes to schedule of expenditures of federal awards.

CENTERSTONE OF AMERICA, INC.

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

NOTE A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Centerstone of America, Inc. and subsidiaries (collectively, the "Corporation") under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with 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").

NOTE B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – HOME Investment Partnerships Program and Supportive Housing Program

The Corporation had the following grant advances outstanding as of June 30, 2021 from HOME Investment Partnerships Program through the Madison County Community Development and the Supportive Housing Program through the U.S. Department of Housing and Urban Development for the construction and renovation of a group home facility. For the year ended June 30, 2021, the Corporation also received grant advances from HOME Investment Partnership Program through the Housing and Neighborhood Development Department for construction of an affordable housing apartment community.

Program	AL	Grant ID	Amount outstanding
Madison Country Community Development – HOME Investments Partnership Program	14.239	Theodoro Place – 2011	$ 211,834
U.S. Department of Housing and Urban Development – Supportive Housing Program	14.235	IL01B204001	356,650
Housing and Neighborhood Development Department – HOME Investments Partnership Program	14.239	Kinser Flats	137,584
Total federal grant advances			$ 706,068

CENTERSTONE OF AMERICA, INC.

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

NOTE D – Other

There were no federal awards expended in the form of non-cash assistance and there were no loan guarantees outstanding at year end.

NOTE E – Insurance

During the year ended June 30, 2021, the following insurance was in effect:

Insurance type		Amount
Professional liability	$	3,000,000
Professional liability excess		3,000,000
Commercial general liability		2,000,000
Fiduciary liability		5,000,000
Directors' and officers' liability		11,000,000
Auto		1,000,000
Auto excess		1,000,000
Workers compensation		1,000,000
Commercial property		183,180,216
Employment practices liability		10,000,000

NOTE F – Provider Relief Fund

For entities with June 30 fiscal year-ends, the first Schedule reporting period for Provider Relief Fund ("PRF") expenditures (including lost revenue) is June 30, 2021. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenues) are to be reported on the Schedule based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the June 30, 2021 Schedule is based upon the PRF reporting portal guidelines for Period 1 (payments received from April 10, 2020 to June 30, 2020), as specified by HHS.

CENTERSTONE OF AMERICA, INC.

Schedule of Findings and Questioned Costs
June 30, 2021

Section I - Summary of Auditors' Results:

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards:

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

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster
93.778	Medical Assistance Program
93.958	Block Grants for Community Mental Health Services
93.498	COVID-19 - Provider Relief Fund
21.019	COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	$1,949,955	
Auditee qualified as low-risk auditee?	X yes	____ no

Section II - Financial Statement Findings:

No matters reported

Section III - Federal Award Findings and Questioned Costs:

No matters reported

Section IV - Summary Schedule of Prior Audit Findings:

No prior year findings reported