

**Consolidated Financial Statements**  
with Supplemental Information in Accordance with  
Governmental Auditing Standards, OMB Circular A133  
and Other Matters

# **Southeast, Inc. and Affiliates**

June 30, 2010 and 2009

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To the Board of Directors  
Southeast, Inc. and Affiliates  
Columbus, Ohio

### **Independent Auditors' Report**

We have audited the accompanying consolidated statements of financial position of Southeast, Inc. and Affiliates as of June 30, 2010 and 2009, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of Alternative Lifestyles, Inc., a wholly-owned subsidiary, whose statements reflect total assets of approximately \$390,000 and total revenues of approximately \$161,000 as of and for the year ended June 30, 2009. Those statements were audited by other auditors whose report thereon was furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Alternative Lifestyles, Inc. for the year ended June 30, 2009 is based solely on the report 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Southeast, Inc. and Affiliates as of June 30, 2010 and 2009 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Southeast, Inc. and Affiliates  
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In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2010 on our consideration of the Southeast, Inc.'s and Affiliates internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements of Southeast, Inc. and Affiliates. A portion of the supplementary information includes the accompanying schedule of expenditures of federal awards and is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. There is also certain supplementary information required by the Franklin County Board of Alcohol, Drug Addiction and Mental Health Services, as well as for the Ohio Department of Development, that is not a required part of the basic 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 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.

*GBQ Partners LLC*

Columbus, Ohio  
December 6, 2010

SOUTHEAST, INC. AND AFFILIATES

Consolidated Statements of Financial Position

June 30, 2010 and 2009

<b>ASSETS</b>		
	<u>2010</u>	<u>2009</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7,232,334	\$ 6,479,341
Investments	6,726,648	6,174,785
Accounts receivable	3,465,594	4,029,277
Inventory	273,088	204,510
Other current assets	65,045	65,141
Total current assets	<u>17,762,709</u>	<u>16,953,054</u>
<b>Property and Equipment, net</b>	<b>4,293,698</b>	<b>4,770,586</b>
<b>Artwork</b>	<u>75,847</u>	<u>75,847</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 22,132,254</u></u>	<u><u>\$ 21,799,487</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Notes payable, current portion	\$ 139,377	\$ 81,886
Capital lease obligations, current portion	26,280	40,730
Accounts payable	322,827	217,455
Amounts held in trust	455,207	446,712
Accrued payroll and related liabilities	1,569,915	1,904,383
Deferred revenue	5,566	28,893
Total current liabilities	<u>2,519,172</u>	<u>2,720,059</u>
<b>Long-Term Notes Payable, net of current portion</b>	<b>1,493,100</b>	<b>1,633,563</b>
<b>Long-Term Capital Lease Obligations, net of current portion</b>	<u>78,030</u>	<u>45,432</u>
Total liabilities	<u>4,090,302</u>	<u>4,399,054</u>
<b>Net Assets</b>		
Unrestricted		
Undesignated	16,038,517	14,882,420
Board designated	1,899,934	2,418,692
Total unrestricted net assets	<u>17,938,451</u>	<u>17,301,112</u>
Temporarily restricted	<u>103,501</u>	<u>99,321</u>
Total net assets	<u>18,041,952</u>	<u>17,400,433</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 22,132,254</u></u>	<u><u>\$ 21,799,487</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

SOUTHEAST, INC. AND AFFILIATES

**Consolidated Statements of Activities and Changes in Net Assets**

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Changes in Unrestricted Net Assets</b>		
Operating revenues and support:		
ADAMH purchase-of-service	\$ 4,727,017	\$ 7,810,223
ADAMH cost reimbursement	2,278,977	2,412,981
Medicaid	6,274,228	5,853,152
Medicaid match	2,259,155	2,856,415
Apothecare pharmacy	6,277,516	7,200,137
First and third party fees	293,428	358,776
Contracts	4,792,595	4,605,969
Medicaid - Out of county	592,726	626,509
Medicaid match - Out of county	214,033	265,318
Other operating income	435,912	495,145
In-kind shelter donations	668,764	576,016
Forgiveness of advances from ODMH	58,482	58,477
	<u>28,872,833</u>	<u>33,119,118</u>
Operating expenses:		
Clinical services	14,560,996	16,414,892
Housing	1,989,389	2,604,524
Vocational	923,505	1,182,332
Apothecare pharmacy	5,789,051	6,776,110
Prevention education	998,114	1,174,713
Homeless shelter programs	2,544,090	2,395,068
General and administrative	2,025,285	1,891,473
	<u>28,830,430</u>	<u>32,439,112</u>
Increase in unrestricted net assets from operations	<u>42,403</u>	<u>680,006</u>
Other income (expense):		
Interest and dividend income	229,835	410,512
Unrealized and realized gains (losses) on investments	376,582	( 1,160,316)
Contributions	89,669	105,184
Other income	85,963	13,962
Rental income	89,786	102,047
Rental expenses	( 276,899)	( 274,138)
	<u>594,936</u>	<u>( 802,749)</u>
Increase (decrease) in unrestricted net assets	637,339	( 122,743)
<b>Changes in Temporarily Restricted Net Assets:</b>		
Special events, net	<u>4,180</u>	<u>29,732</u>
<b>Increase in Temporarily Restricted Net Assets</b>	<u>4,180</u>	<u>29,732</u>
<b>Increase (Decrease) in Net Assets</b>	641,519	( 93,011)
<b>Net Assets, Beginning of Year</b>	<u>17,400,433</u>	<u>17,493,444</u>
<b>Net Assets, End of Year</b>	<u>\$ 18,041,952</u>	<u>\$ 17,400,433</u>

The accompanying notes are an integral part of the consolidated financial statements.

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SOUTHEAST, INC. AND AFFILIATES

**Consolidated Statement of Functional Expenses**

For the Year Ended June 30, 2010

	Clinical Services	Housing	Vocational	Apothecare Pharmacy	Prevention Education	Homeless Shelter Programs
Salaries and benefits	\$ 10,655,770	\$ 1,205,890	\$ 666,442	\$ 547,550	\$ 720,283	\$ 1,435,148
Contract services	702,812	79,536	43,956	36,114	47,507	94,657
Computer expenses	51,375	5,814	3,213	2,640	3,473	6,919
Operating supplies and expenses	612,440	423,694	58,215	47,829	62,918	125,362
Office expenses	604,113	68,366	37,783	31,043	40,835	81,364
Cost of goods sold - pharmacy	-	-	-	5,030,297	-	-
Mileage / transportation	362,874	41,066	22,695	18,647	24,529	48,873
Building and grounds	935,681	105,889	58,520	48,080	63,248	126,020
Interest	32,783	3,710	2,050	1,685	2,216	4,415
Insurance expense	157,758	17,853	9,867	8,106	10,664	21,248
In-kind expenses	113,394	-	-	-	-	555,370
Other expenses	-	-	-	-	-	-
	<u>14,229,000</u>	<u>1,951,818</u>	<u>902,741</u>	<u>5,771,991</u>	<u>975,673</u>	<u>2,499,376</u>
Depreciation and amortization	<u>331,996</u>	<u>37,571</u>	<u>20,764</u>	<u>17,060</u>	<u>22,441</u>	<u>44,714</u>
Total	<u>\$ 14,560,996</u>	<u>\$ 1,989,389</u>	<u>\$ 923,505</u>	<u>\$ 5,789,051</u>	<u>\$ 998,114</u>	<u>\$ 2,544,090</u>

*The accompanying notes are an integral part of the consolidated financial statements.*



SOUTHEAST, INC. AND AFFILIATES

**Consolidated Statement of Functional Expenses (Continued)**

For the Year Ended June 30, 2010

	Total Program	General and Administrative	Rental Operations	Total Expenses
Salaries and benefits	\$ 15,231,083	\$ 1,495,928	\$ -	\$ 16,727,011
Contract services	1,004,582	-	-	1,004,582
Computer expenses	73,434	4,872	-	78,306
Operating supplies and expenses	1,330,458	119,543	-	1,450,001
Office expenses	863,504	68,166	-	931,670
Cost of goods sold - pharmacy	5,030,297	-	-	5,030,297
Mileage / transportation	518,684	-	-	518,684
Building and grounds	1,337,438	85,712	194,810	1,617,960
Interest	46,859	3,091	-	49,950
Insurance expense	225,496	169,030	28,453	422,979
In-kind expenses	668,764	-	-	668,764
Other expenses	-	54,437	-	54,437
	<u>26,330,599</u>	<u>2,000,779</u>	<u>223,263</u>	<u>28,554,641</u>
Depreciation and amortization	<u>474,546</u>	<u>24,506</u>	<u>53,636</u>	<u>552,688</u>
Total	<u>\$ 26,805,145</u>	<u>\$ 2,025,285</u>	<u>\$ 276,899</u>	<u>\$ 29,107,329</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

SOUTHEAST, INC. AND AFFILIATES

**Consolidated Statement of Functional Expenses**

For the Year Ended June 30, 2009

	Clinical Services	Housing	Vocational	Pharmacy	Prevention Education	FOH Shelter Programs
Salaries and benefits	\$ 11,310,170	\$ 1,689,848	\$ 898,959	\$ 475,032	\$ 948,457	\$ 1,363,833
Contract services	1,119,662	3,324	109,254	800	46,173	320
Computer expenses	53,720	1,152	714	14,600	3,576	4,610
Operating supplies and expenses	1,079,422	720,541	96,802	53,494	92,631	84,669
Office expenses	726,465	38,124	16,825	10,901	19,921	91,867
Cost of goods sold - Pharmacy	-	-	-	6,102,498	-	-
Mileage / transportation	494,371	27,945	22,073	8,089	28,416	16,028
Building and grounds	955,803	74,130	25,733	144	30,730	254,883
Interest	36,578	14,054	-	-	-	1,458
Insurance expense	162,168	6,000	1,954	7,016	-	50,341
In-kind expenses	114,791	-	-	-	-	461,225
Other expenses	-	-	-	52,000	-	95
	<u>16,053,150</u>	<u>2,575,118</u>	<u>1,172,314</u>	<u>6,724,574</u>	<u>1,169,904</u>	<u>2,329,329</u>
Depreciation and amortization	<u>361,742</u>	<u>29,406</u>	<u>10,018</u>	<u>51,536</u>	<u>4,809</u>	<u>65,739</u>
Total	<u>\$ 16,414,892</u>	<u>\$ 2,604,524</u>	<u>\$ 1,182,332</u>	<u>\$ 6,776,110</u>	<u>\$ 1,174,713</u>	<u>\$ 2,395,068</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

SOUTHEAST, INC. AND AFFILIATES

**Consolidated Statement of Functional Expenses (Continued)**

For the Year Ended June 30, 2009

	Total Program	General and Administrative	Rental Operations	Total Expenses
Salaries and benefits	\$ 16,686,299	\$ 1,333,354	\$ -	\$ 18,019,653
Contract services	1,279,533	1,000	-	1,280,533
Computer expenses	78,372	9,819	-	88,191
Operating supplies and expenses	2,127,559	196,853	-	2,324,412
Office expenses	904,103	109,770	-	1,013,873
Cost of goods sold - Pharmacy	6,102,498	-	-	6,102,498
Mileage / transportation	596,922	7,180	-	604,102
Building and grounds	1,341,423	16,053	176,982	1,534,458
Interest	52,090	-	-	52,090
Insurance expense	227,479	187,551	28,916	443,946
In-kind expenses	576,016	-	-	576,016
Other expenses	52,095	839	-	52,934
	<u>30,024,389</u>	<u>1,862,419</u>	<u>205,898</u>	<u>32,092,706</u>
Depreciation and amortization	<u>523,250</u>	<u>29,054</u>	<u>68,240</u>	<u>620,544</u>
Total	<u>\$ 30,547,639</u>	<u>\$ 1,891,473</u>	<u>\$ 274,138</u>	<u>\$ 32,713,250</u>

*The accompanying notes are an integral part of the consolidated financial statements.*

SOUTHEAST, INC. AND AFFILIATES

**Consolidated Statements of Cash Flows**

For the Years Ended June 30, 2010 and 2009

	2010	2009
<b>Cash Flows from Operating Activities:</b>		
Increase (decrease) in net assets	<u>\$ 641,519</u>	<u>\$ ( 93,011)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	552,688	620,544
Gain on disposal of property and equipment	( 73,989)	-
Bad debt expense	39,117	52,000
Unrealized and realized (gains) losses on investments	( 376,582)	1,160,316
Forgiveness of advances from ODMH	( 58,482)	( 58,477)
Decrease (increase) in operating assets:		
Accounts receivable	524,566	84,956
Inventory	( 68,578)	( 29,902)
Other current assets	96	94,490
Increase (decrease) in operating liabilities:		
Accounts payable	105,372	( 74,224)
Amounts held in trust	8,495	57,943
Accrued payroll and related liabilities	( 334,468)	( 77,913)
Deferred revenue	( 23,327)	( 18,238)
Total adjustments	<u>294,908</u>	<u>1,811,495</u>
Net cash and cash equivalents provided by operating activities	<u>936,427</u>	<u>1,718,484</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	( 145,528)	( 499,860)
Proceeds from disposal of property and equipment	215,170	70,280
Proceeds from sale of investments	54,034	47,929
Purchase of investments	( 229,315)	( 453,707)
Net cash and cash equivalents used in investing activities	<u>( 105,639)</u>	<u>( 835,358)</u>
<b>Cash Flows from Financing Activities:</b>		
Principal payments on notes payable	( 24,490)	( 23,410)
Principal payments on capital leases obligations	( 53,305)	( 68,819)
Net cash and cash equivalents used in financing activities	<u>( 77,795)</u>	<u>( 92,229)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>752,993</b>	<b>790,897</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u><b>6,479,341</b></u>	<u><b>5,688,444</b></u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u><b>\$ 7,232,334</b></u></u>	<u><u><b>\$ 6,479,341</b></u></u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<b>\$ 49,950</b>	<b>\$ 52,090</b>
<b>Supplemental Disclosures of Non-Cash Transactions:</b>		
During fiscal year 2010, the Organization entered into a new capital lease for \$71,453 of office equipment.		

*The accompanying notes are an integral part of the consolidated financial statements.*

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Nature and Scope of Activities**

Southeast, Inc. and Affiliates (the Organization) are non-profit Ohio corporations organized to develop and administer a comprehensive mental health and behavioral healthcare recovery service system, to provide services to homeless persons throughout Ohio, and to provide housing to lower-income, mentally disabled individuals. Services and programming are provided primarily in Central and Eastern Ohio locations.

In April 2010, Southeast, Inc. (Southeast) received their third accreditation from the Joint Commission. The Joint Commission accreditation is one way Southeast shows its commitment to the quality improvement of its services to the community.

Southeast also operates a pharmacy (Apothecare) located in the Southeast owned building in Columbus, Ohio. Southeast operates Apothecare as a specialty pharmacy to serve people with cognitive and/or other mental dysfunctions.

**Summary of Significant Accounting Policies**

Principles of Consolidation

Effective June 2, 2008, Community Mental Health Services of Belmont, Harrison and Monroe Counties (CMHS) and Southeast, Inc. entered into an asset purchase agreement. CMHS provided mental health services in those counties. Associated with the asset purchase agreement was a membership transfer agreement in which Southeast obtained control of Alternative Lifestyles, Inc. (ALS), effective June 2, 2008. ALS owns two facilities and provides housing for the low-income community.

Effective July 1, 2006, Southeast acquired Friends of the Homeless, Inc. (FOH) by becoming the sole member of FOH. FOH operates emergency shelter and other residential facilities.

The consolidated statements include the financial positions and results of operations of Southeast, FOH and ALS corporations. Intercompany transactions and balances were eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support and revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Summary of Significant Accounting Policies** (continued)

Financial Statement Presentation

The Organization reports information regarding its consolidated financial position and activities according to three classes of net assets:

- Unrestricted Net Assets – Unrestricted net assets are neither permanently nor temporarily restricted by donor-imposed restrictions and are available for use in the Organization's ongoing operations.
- Temporarily Restricted Net Assets – Temporarily restricted net assets are limited as to use by donor-imposed restrictions that either expire by passage of time, the receipt of funds or can be fulfilled and removed by action of the Organization pursuant to those restrictions.
- Permanently Restricted Net Assets – Permanently restricted net assets are limited as to use by donor-imposed restrictions that generally allow only the use of investment earnings for unrestricted or restricted purposes. The principal is generally not available for use. As of June 30, 2010 and 2009, there were no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include all cash on hand, demand deposits and highly liquid investments with original maturities of three months or less. Cash and cash equivalents also include amounts held in trust, which are described herein. Cash and cash equivalents exclude money market funds held in an investment portfolio that are reported as investments.

Investments

Investments consist of marketable securities that are recorded at fair value as further described herein. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

Investments are exposed to various risks such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in the values of investments may occur in the near term, which could be material.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Summary of Significant Accounting Policies** (continued)

Accounts Receivable and Revenues

Exchange Transactions

The Organization's revenue is generally derived from federal, state, county and local sources. Generally, accounts receivable and revenue are recorded in the month the related services are provided at estimated realizable values. The Organization provides services to certain consumers covered by various third-party payor arrangements that provide payments at amounts different than established billing rates. Accordingly, in most cases, accounts receivable and revenue are adjusted for contractual allowances based on third-party established rates. In certain cases, accounts receivable and revenue are recorded on the basis of preliminary estimates of the amounts to be received from third-party payors. Final adjustments are made in the period such amounts are finally determined.

The Organization contracts with the Franklin County and the Belmont, Harrison, and Monroe Counties (BHM) Alcohol, Drug Addiction and Mental Health Services Boards (ADAMH), whereby it receives funds based on billable units of mental health, alcohol and substance abuse counseling and other related services and programs provided. The Organization also receives various block grants that are passed through these Boards. The Organization receives Medicaid funds through ADAMH, which receives the funds from the Ohio Department of Mental Health (ODMH), and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS). The Organization also receives grant funding from the Ohio Department of Development (ODOD) used in providing services to homeless persons. Delayed collection of accounts receivable from such agencies are considered past due; however, no interest can be charged to the agencies.

Contributions

Certain other grants and donations are classified as contributions, instead of exchange transactions. Unconditional contributions are appropriately recognized as revenue upon notification of approval of the grant or contribution. Conditional contributions are recognized as revenue when the contingent condition is substantially eliminated.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and thus increases those net asset classes. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Summary of Significant Accounting Policies** (continued)

Accounts Receivable and Revenues (continued)

Allowance for Doubtful Accounts

The Organization reports receivables at net realizable value using the allowance method. Management determines an allowance for doubtful accounts based on historical activity with funding sources, consumers and donors, as well as current economic conditions. On a continuing basis, management analyzes delinquent receivables and once these receivables are determined to not be collectible, they are written-off.

Inventory

Inventory consists of pharmaceutical medications recorded at the lower of cost or market using the first-in, first-out inventory accounting method.

Property and equipment

Property and equipment are recorded at purchased cost less accumulated depreciation and amortization. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with a pro-rata partial year of depreciation being recorded in the year of acquisition. The Organization does not assign time restrictions on the use of donated property and equipment unless a donor stipulates how long a contributed asset must be used for a specific purpose.

The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. Upon disposal of assets, the cost and related accumulated depreciation or amortization is removed from the accounts and any gain or loss is included in income.

Depreciation and amortization are provided over the estimated useful lives of the assets as follows:

Buildings and improvements	15 – 39 years
Equipment	3 – 7 years
Furniture	5 – 20 years
Software	3 years
Vehicles	5 years
Leased office equipment	3 – 5 years
Leasehold improvements	3 years



SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Summary of Significant Accounting Policies** (continued)

Artwork

The Organization capitalizes collectible artwork in conformity with GAAP. If purchased, artwork is recorded at cost. If donated, artwork is capitalized at its fair value at the time of donation. Gains or losses on the disposal of artwork items are classified on the consolidated statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at time of donation.

Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management determined that no impairment existed at June 30, 2010 or 2009.

Amounts Held in Trust

The Organization maintains three custodial bank accounts held on behalf of clients who are unable to manage their own funds. The corresponding liabilities are included in amounts held in trust and funds held are included in cash and cash equivalents on the consolidated statements of financial position, respectively.

Donated Services

Donated services are recognized as contributions only if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased. For the years ended June 30, 2010 and 2009, there were no donated services identified that met this criteria. The Organization generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist with the homeless shelter program fundraising events and other initiatives.

Donated Materials

The Organization receives donated food, paper goods and other supplies for use by individuals receiving services in the homeless shelter programs. The value of donated materials is estimated based on a historical cost estimate (\$6 per individual per day) multiplied by the number of individuals served during the year. The value of the donated materials is recorded as in-kind revenue and in-kind expense.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Summary of Significant Accounting Policies** (continued)

Functional Expenses Allocation

Indirect expenses are generally allocated to the various program services based on full-time equivalents assigned to the programs.

Income Taxes

Each of the organizations is a separate not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management represents that the Organization had no unrelated business income during the years ended June 30, 2010 and 2009. Accordingly, no provisions for federal, state or local taxes are included in the consolidated financial statements.

Effective July 1, 2009, the Organization adopted guidance relating to accounting for uncertainty in income taxes, which requires the Organization to annually evaluate tax positions the Organization takes with regard to unrelated business income, related deductions applied, or other activities that may jeopardize their tax exempt status and thus would meet the definition of an uncertain tax position. The Organization's open IRS audit periods are for fiscal years ended 2007 through 2009 based on filed IRS Forms 990. No tax accrual liability was recorded as management believes there are no uncertain tax positions for the Organization.

Fair Value Measurements

GAAP establishes a framework for measuring fair value of assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 Organization has the ability to access. Level 1 is the highest and most reliable level in the fair value hierarchy. |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Summary of Significant Accounting Policies** (continued)

Fair Value Measurements (continued)

Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets.</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets.</li><li>• Inputs other than quoted prices that are observable for the asset or liability.</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> <p>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.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 is the lowest level of reliability.

The 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Cash and Cash Equivalents**

The Organization maintains 17 bank accounts with 4 financial institutions. Balances in these accounts may periodically exceed federally insured limits.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**Investments**

The following is a summary of investments for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Money market funds	\$ 311,437	\$ 549,415
Mutual funds	4,368,687	3,854,974
Fixed income funds	1,760,824	1,770,396
Certificates of deposit	<u>285,700</u>	<u>-</u>
	<u>\$ 6,726,648</u>	<u>\$ 6,174,785</u>

Accumulated unrealized losses on investments were approximately \$468,000 and \$828,000 as of June 30, 2010 and 2009, respectively.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2010 and 2009.

<i>Money market funds:</i>	Valued at the net asset value of shares held by the Organization at year-end.
<i>Mutual funds:</i>	Valued at the net asset value of shares held by the Organization at year-end.
<i>Fixed income funds:</i>	Includes asset backed securities and corporate bonds valued on the basis of evaluated prices provided by independent pricing services when such prices are believed to reflect the fair market value of such securities. Such prices may be determined taking into account benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.
<i>Certificates of deposit:</i>	Valued at cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**Investments** (continued)

Investments at fair value as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 311,437	\$ -	\$ -	\$ 311,437
Mutual funds	4,368,687	-	-	4,368,687
Fixed income funds	-	1,760,824	-	1,760,824
Certificates of deposit	-	285,700	-	285,700
Total assets at fair value	<u>\$4,680,124</u>	<u>\$2,046,524</u>	<u>\$ -</u>	<u>\$ 6,726,648</u>

Investments at fair value as of June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 549,415	\$ -	\$ -	\$ 549,415
Mutual funds	3,854,974	-	-	3,854,974
Fixed income funds	-	1,770,396	-	1,770,396
Total assets at fair value	<u>\$4,404,389</u>	<u>\$1,770,396</u>	<u>\$ -</u>	<u>\$6,174,785</u>

**Accounts Receivable**

Accounts receivable consists of the following at June 30:

	<u>2010</u>	<u>2009</u>
Franklin County ADAMH Board	\$1,755,231	\$2,137,492
BHM Counties ADAMH Board	151,924	256,670
Apothecare	407,475	490,452
Other grants and contracts	345,242	296,271
ODMH Out of County	564,141	627,381
First and third-party fees	-	16,995
ODOD	171,858	138,980
HUD	3,452	14,336
Employees	28,984	33,987
Other	37,287	16,713
	<u>\$3,465,594</u>	<u>\$4,029,277</u>

Management estimates that accounts receivable are fully collectible, thus there is no allowance for doubtful accounts recorded as of June 30, 2010 or 2009.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**Property and Equipment**

Property and equipment consists of the following at June 30:

	<b>2010</b>	<b>2009</b>
Land	<b>\$ 192,178</b>	\$ 235,269
Buildings and improvements	<b>7,318,786</b>	7,351,979
Equipment	<b>910,714</b>	882,661
Furniture	<b>169,404</b>	167,755
Software	<b>506,082</b>	497,550
Vehicles	<b>273,998</b>	244,216
Leased office equipment	<b>319,231</b>	297,691
Leasehold improvements	<b><u>75,695</u></b>	<u>75,695</u>
	<b>9,766,088</b>	9,752,816
Less: accumulated depreciation	<b><u>(5,472,390)</u></b>	<u>(4,982,230)</u>
	<b><u>\$ 4,293,698</u></b>	<u>\$ 4,770,586</u>

**Notes Payable**

Notes payable consisted of the following as of June 30:

	<b>2010</b>	<b>2009</b>
Mortgage note payable to the City of Columbus to be forgiven in ten annual installments of \$11,318 through February 2011, as long as conditions of the agreement are met. The note is interest free and is secured by real estate owned by FOH.	<b>\$ 11,318</b>	\$ 22,636
Mortgage note payable to the City of Columbus in 360 monthly installments of \$54 through March 2015. The note is interest free and is secured by real estate owned by FOH.	<b>3,141</b>	3,791
Mortgage note payable to a commercial bank in 360 monthly installments of \$175 through April 2024. The note bears interest at 7.75% and is secured by real estate owned by FOH.	<b>17,768</b>	18,459

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**Notes Payable** (continued)

	<u>2010</u>	<u>2009</u>
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH.	<b>10,000</b>	10,000
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH.	<b>15,000</b>	15,000
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH.	<b>10,000</b>	10,000
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH.	<b>136,000</b>	136,000
Mortgage note payable to the Ohio Department of Mental Health (ODMH) to be forgiven in 480 equal monthly amounts through May 2026, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast.	<b>100,074</b>	106,362

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**Notes Payable** (continued)

	<u>2010</u>	<u>2009</u>
Mortgage note payable to the ODMH to be forgiven in 480 equal monthly amounts through April 2019, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast.	<b>62,777</b>	69,135
Mortgage note payable to the ODMH to be forgiven in 329 equal monthly amounts through September 2032, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast.	<b>149,290</b>	156,025
Mortgage note payable to the ODMH to be forgiven in 480 equal monthly amounts through August 2030, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast.	<b>627,758</b>	659,004
Mortgage note payable to the ODMH to be forgiven in 480 equal monthly amounts through July 2018, as long as the facilities are used to provide mental health care services, pursuant to the contract. During 2010, Southeast sold the land secured by the note and recorded a liability for the remaining balance on the loan in accounts payable. The note was interest free and was secured by real estate owned by Southeast.	<b>63,248</b>	71,099



SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**Notes Payable** (continued)

	<b>2010</b>	2009
Mortgage note payable to the United States Department of Housing and Urban Development in 480 monthly installments of \$2,579 through March 2028. The note bears interest at 9.25% and is secured by real estate owned by ALS.	<b>269,404</b>	275,142
Mortgage note payable to the United States Department of Housing and Urban Development in 480 monthly installments of \$1,742 through March 2023. The note bears interest at 9.25% and is secured by real estate owned by ALS.	<u><b>156,699</b></u>	<u>162,796</u>
Total	<b>1,632,477</b>	1,715,449
Less: current portion	<u><b>( 139,377)</b></u>	<u>( 81,886)</u>
Long-term portion	<u><b>\$ 1,493,100</b></u>	<u>\$ 1,633,563</u>

The aggregate maturities of long-term debt through maturity as of June 30, 2010 are as follows:

2011	\$ 139,377
2012	66,153
2013	67,528
2014	69,035
2015	70,550
Thereafter	<u>1,219,834</u>
	<u><b>\$ 1,632,477</b></u>

**Note Payable - Line of Credit**

The Organization had a revolving line of credit agreement with a bank that provided for borrowings of up to \$2,000,000. The line of credit agreement expired on December 31, 2009 and was not renewed. Interest was charged on any outstanding balance at the one-month LIBOR rate (0.32%) plus 2% at June 30, 2009. The line of credit was secured by all property of the Organization.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

**Capital Lease Obligations**

The Organization leases office equipment under capital leases expiring at various times through 2015. The assets and liabilities under these capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated useful lives. Amortization of assets held under capital leases is included in depreciation and amortization expense.

Following is a summary of office equipment held under the capital leases at June 30:

	<u>2010</u>	<u>2009</u>
Office equipment	\$ 319,231	\$ 297,691
Less: accumulated amortization	<u>( 219,563)</u>	<u>( 215,613)</u>
	<u>\$ 99,668</u>	<u>\$ 82,078</u>

Future minimum lease payments required under the lease agreements at June 30, 2010 are as follows:

2011	\$ 34,722
2012	34,722
2013	29,050
2014	17,706
2015	<u>7,377</u>
Total minimum lease payments	123,577
Less: amount representing interest (8.8% and 9.2%)	<u>( 19,267)</u>
Present value of net minimum lease payments	104,310
Less: current portion of obligations under capital lease	<u>( 26,280)</u>
Long-term capital lease obligations	<u>\$ 78,030</u>

**Operating Lease Obligations**

The Organization leases office space under operating leases expiring through 2012. Office lease expense was approximately \$102,000 and \$93,000 for the years ended June 30, 2010 and 2009, respectively.

In addition, the Organization leases four parcels of land at its 131 North High Street location. These leases have ninety-nine year lease terms and are renewable indefinitely. Land lease expense associated with these leases was approximately \$50,000 for the years ended June 30, 2010 and 2009.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Operating Lease Obligations** (continued)

The Organization leases phone and video equipment under two separate five year operating leases expiring in April 2012 and April 2014. Phone and video lease expense was approximately \$137,000 and \$119,000 for the years ended June 30, 2010 and 2009, respectively.

Approximate minimum future lease obligations under non-cancelable operating leases for office space, land and equipment with terms in excess of one year as of June 30, 2010 are as follows:

2011	\$ 286,000
2012	219,000
2013	82,000
2014	77,000
2015	50,000
Thereafter	<u>340,000</u>
	<u>\$ 1,054,000</u>

Rental Income

One of the buildings that the Organization owns is a 66,000 square foot building located at 131 North High Street in Columbus. Southeast occupies approximately 70% of this building and the remainder is leased to unrelated parties or available for lease.

Approximate minimum future rentals to be received on non-cancelable operating leases having terms in excess of one year as of June 30, 2010, for the remainder of the lease terms are as follows:

2011	\$ 87,000
2012	37,000
2013	<u>18,000</u>
	<u>\$ 142,000</u>

Rental income was approximately \$90,000 and \$102,000 for the years ended June 30, 2010 and 2009, respectively.

SOUTHEAST, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2010 and 2009

**Net Assets**

Board Designated Net Assets

The Board of Directors has designated certain net assets to be used for employee scholarships, risk management and a capital campaign fund. The Scholarship Fund represents resources that are to be used for scholarships to employees taking accredited courses directly applicable to their professional employment or development plans at Southeast, Inc. and Affiliates. The Risk Management Fund represents resources that are reserved to manage the risk associated with providing services funded by multiple revenue streams, which may prove to be inadequate to cover the cost associated with uncompensated care. In addition, funds are set aside to allow for successful transitions to newly mandated funding mechanisms. The Capital Campaign Fund represents resources that are to be used for the building of a new homeless shelter for women, to be named Rebecca's House. Board designated net assets are held primarily in investments and cash and cash equivalents.

Activity in board designated net assets is summarized as follows:

	<u>Scholarship Fund</u>	<u>Risk Management Fund</u>	<u>Capital Campaign Fund</u>	<u>Total Designated Net Assets</u>
Balance - June 30, 2008	\$ 282,581	\$ 2,033,173	\$ -	\$ 2,315,754
Scholarship expenditures	( 45,761)	-	-	( 45,761)
Board designation	60,000	-	87,074	147,074
Investment income	<u>1,625</u>	<u>-</u>	<u>-</u>	<u>1,625</u>
Balances - June 30, 2009	298,445	2,033,173	87,074	2,418,692
Scholarship expenditures	( 53,985)	-	-	( 53,985)
Board approved expenditures	-	( 500,000)	-	( 500,000)
Board designation	-	-	35,170	35,170
Investment income	<u>57</u>	<u>-</u>	<u>-</u>	<u>57</u>
Balances - June 30, 2010	<u>\$ 244,517</u>	<u>\$ 1,533,173</u>	<u>\$ 122,244</u>	<u>\$ 1,899,934</u>

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Net Assets** (continued)

Temporarily Restricted Net Assets

Activity in temporarily restricted net assets is summarized as follows:

	<u>Fresh A.I.R. Gallery</u>
Balance – June 30, 2008	\$ 69,589
Special events, net	<u>29,732</u>
Balance – June 30, 2009	99,321
Special events, net	<u>4,180</u>
Balance – June 30, 2010	<u>\$ 103,501</u>

Temporarily restricted net assets are held primarily in cash and cash equivalents.

**Retirement Plan**

The Organization has a 401(k) defined contribution retirement plan for substantially all employees. The Organization contributes a safe harbor matching contribution equal to 100% up to the first 3%, and 50% of the next 2%, of compensation contributed by the employee. The Organization may also make additional discretionary contributions. Retirement plan expenses included in the consolidated statements of activities were approximately \$221,000 and \$213,000 for the years ended June 30, 2010 and 2009, respectively.

In fiscal year 2003, Southeast established a 457 (b) top hat plan. The purpose of the Plan is to provide deferred compensation payments for a select group of management. Southeast did not make any contributions to this Plan for the years ended June 30, 2010 and 2009.

FOH maintained a 401(k) defined contribution retirement plan which allowed full-time employees that had one year of service and who were at least 21 years old to participate. Due to the acquisition of FOH by Southeast, Inc. all FOH employees became Southeast, Inc. employees, effectively freezing the Plan. Management is researching the possibility of terminating the Plan.

**Governmental Funding**

Medicaid Reimbursement

The Organization is required to file an annual cost report with ADAMH that documents actual costs of services rendered on a per-unit cost basis. The Organization is contingently liable for the excess of payments received on direct ADAMH program claims and Medicaid claims that exceed actual costs.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Governmental Funding** (continued)

Medicaid Reimbursement (continued)

Management estimates that there are no material amounts due for any other open cost report periods. The actual amount of the liability may change upon finalization of the cost reports.

The Organization is also subject to annual Medicaid compliance audits by ODMH and ODADAS. These audits consist of reviewing claim files for documentation sufficiency. Any findings may result in amounts due to the program. Compliance audits were finalized through April 2010. As of June 30, 2010 and 2009, management estimated that no amounts were due to the Medicaid program relating to any open compliance audit periods.

Laws and Regulations

Laws and regulations governing the Medicaid, Medicare and other governmental funding programs are complex and subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the programs. No accrual was recorded in the consolidated financial statements for any potential liability.

Concentration Risk

The Organization has contracts with the various county ADAMH's referred to above through which it receives direct support based on units of mental health as well as other services and programs provided. The Organization also receives Medicaid funds through ADAMH, which are pass-through funds from ODMH and ODADAS. Revenues funded through Franklin County ADAMH represent approximately 40% and 45% of the Organization's total operating revenues and support for 2010 and 2009, respectively. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Organization's programs and activities.

The operations of the Organization are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Health and Human Services, ADAMH, ODMH and ODADAS. Such administrative directives, rules, regulations and budgetary funding levels are subject to change by an act of Congress, the passage of laws by the Ohio General Assembly, or an administrative change mandated by one of the executive branch agencies. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

SOUTHEAST, INC. AND AFFILIATES

**Notes to Consolidated Financial Statements**

June 30, 2010 and 2009

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**Contingent Liabilities**

The Organization provides healthcare delivery services that are subject to potential professional liability claims. The Organization has insurance coverage applicable to such claims, should they arise. Insurance covers up to \$5,000,000 per incident with a maximum aggregate coverage of \$5,000,000 within the premium contract year for 2010. Insurance covers up to \$4,000,000 per incident with a maximum aggregate coverage of \$4,000,000 within the premium contract year for 2009.

**Subsequent Events – Date of Management Evaluation**

Management has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the consolidated financial statements were available to be issued.

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**SUPPLEMENTARY INFORMATION**

SOUTHEAST, INC. AND AFFILIATES

Consolidating Statement of Financial Position

June 30, 2010

	Southeast, Inc.	Friends of the Homeless, Inc.	Alternative Lifestyles, Inc.	Consolidating/ Eliminating	Consolidated Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 7,178,780	\$ 421	\$ 53,133	\$ -	\$ 7,232,334
Investments	6,726,648	-	-	-	6,726,648
Accounts receivable	3,465,274	-	320	-	3,465,594
Related party receivable	164,117	158,307	-	( 322,424)	-
Inventory	273,088	-	-	-	273,088
Other current assets	65,045	-	-	-	65,045
Total current assets	<u>17,872,952</u>	<u>158,728</u>	<u>53,453</u>	<u>( 322,424)</u>	<u>17,762,709</u>
<b>Property and Equipment, net</b>	3,558,825	301,844	433,029	-	4,293,698
<b>Artwork</b>	<u>75,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,847</u>
<b>TOTAL ASSETS</b>	<u>\$ 21,507,624</u>	<u>\$ 460,572</u>	<u>\$ 486,482</u>	<u>\$( 322,424)</u>	<u>\$ 22,132,254</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Notes payable, current portion	\$ 113,879	\$ 12,610	\$ 12,888	\$ -	\$ 139,377
Capital lease obligations, current portion	26,280	-	-	-	26,280
Accounts payable	322,778	-	49	-	322,827
Related party payables	207,311	-	115,113	( 322,424)	-
Amounts held in trust	453,651	-	1,556	-	455,207
Accrued payroll and related liabilities	1,569,915	-	-	-	1,569,915
Deferred revenue	5,566	-	-	-	5,566
Total current liabilities	<u>2,699,380</u>	<u>12,610</u>	<u>129,606</u>	<u>( 322,424)</u>	<u>2,519,172</u>
<b>Long-term Notes Payable, net of current portion</b>	883,805	196,080	413,215	-	1,493,100
<b>Long-Term Capital Lease Obligations, net of current portion</b>	<u>78,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,030</u>
Total liabilities	3,661,215	208,690	542,821	( 322,424)	4,090,302
<b>Net Assets</b>					
Unrestricted:					
Undesignated	15,965,218	129,638	( 56,339)	-	16,038,517
Board designated	1,777,690	122,244	-	-	1,899,934
Total unrestricted net assets	<u>17,742,908</u>	<u>251,882</u>	<u>( 56,339)</u>	<u>-</u>	<u>17,938,451</u>
Temporarily restricted	<u>103,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,501</u>
Total net assets	<u>17,846,409</u>	<u>251,882</u>	<u>( 56,339)</u>	<u>-</u>	<u>18,041,952</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 21,507,624</u>	<u>\$ 460,572</u>	<u>\$ 486,482</u>	<u>\$( 322,424)</u>	<u>\$ 22,132,254</u>

See Independent Auditors' Report.

SOUTHEAST, INC. AND AFFILIATES

**Consolidating Statement of Activities and Changes in Net Assets**

For the Year Ended June 30, 2010

	Southeast, Inc.	Friends of the Homeless, Inc.	Alternative Lifestyles, Inc.	Consolidating/ Eliminating	Consolidated Total
<b>Changes in Unrestricted Net Assets</b>					
Operating Revenues and Support:					
ADAMH purchase-of-service	\$ 4,727,017	\$ -	\$ -	\$ -	\$ 4,727,017
ADAMH cost reimbursement	2,278,977	-	-	-	2,278,977
Medicaid	6,274,228	-	-	-	6,274,228
Medicaid match	2,259,155	-	-	-	2,259,155
Apothecare pharmacy	6,277,516	-	-	-	6,277,516
First and third party fees	293,428	-	-	-	293,428
Contracts	4,792,595	-	-	-	4,792,595
Medicaid FFP - Out of county	592,726	-	-	-	592,726
Medicaid match - Out of county	214,033	-	-	-	214,033
Other operating income	319,891	9,432	106,589	-	435,912
In kind shelter donations	668,764	-	-	-	668,764
Reduction of advances from ODMH	58,482	-	-	-	58,482
	<u>28,756,812</u>	<u>9,432</u>	<u>106,589</u>	<u>-</u>	<u>28,872,833</u>
Operating expenses:					
Clinical services	14,560,996	-	-	-	14,560,996
Housing	1,829,787	-	159,602	-	1,989,389
Vocational	923,505	-	-	-	923,505
Apothecare pharmacy	5,789,051	-	-	-	5,789,051
Prevention/education	998,114	-	-	-	998,114
Homeless shelter programs	2,494,090	50,000	-	-	2,544,090
General and administrative	2,025,285	-	-	-	2,025,285
	<u>28,620,828</u>	<u>50,000</u>	<u>159,602</u>	<u>-</u>	<u>28,830,430</u>
Increase (decrease) in unrestricted net assets from operations	135,984	( 40,568)	( 53,013)	-	42,403
<b>Other Changes:</b>					
Other income (expense):					
Interest and dividend income	229,521	-	314	-	229,835
Unrealized and realized gains on investments	376,582	-	-	-	376,582
Contributions	15,873	73,796	-	-	89,669
Other income	74,415	11,548	-	-	85,963
Rental income	89,786	-	-	-	89,786
Rental expenses	( 276,899)	-	-	-	( 276,899)
	<u>509,278</u>	<u>85,344</u>	<u>314</u>	<u>-</u>	<u>594,936</u>
Increase (decrease) in unrestricted net assets	645,262	44,776	( 52,699)	-	637,339
<b>Changes in Temporarily Restricted Net Assets:</b>					
Special events, net	4,180	-	-	-	4,180
<b>Increase in Temporarily Restricted Net assets</b>	<u>4,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,180</u>
<b>Increase (Decrease) in Net Assets</b>	649,442	44,776	( 52,699)	-	641,519
<b>Net Assets, Beginning of Year</b>	<u>17,196,967</u>	<u>207,106</u>	<u>( 3,640)</u>	<u>-</u>	<u>17,400,433</u>
<b>Net Assets, End of Year</b>	<u>\$ 17,846,409</u>	<u>\$ 251,882</u>	<u>\$ ( 56,339)</u>	<u>\$ -</u>	<u>\$ 18,041,952</u>

See Independent Auditors' Report.

SOUTHEAST, INC. AND AFFILIATES

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures
U.S. Department of Health and Human Services:		
Substance Abuse and Mental Health Services Administration (SAMHSA):		
Passed through the Ohio Department of Mental Health and the Franklin County ADAMH Board:		
Project for Assistance in Transition from Homeless (PATH)	93.150	\$ 289,983
Passed through the Ohio Department of Health:		
Ryan White Federal HIV Care	93.917	132,917
Substance Abuse and Mental Health Services Administration:		
Passed through the Ohio Department of Mental Health and the Lorain County Board of Mental Health:		
Wellness Management and Recovery	93.958	328,700
Passed through the Franklin County Job and Family Services:		
Temporary Assistance for Needy Families (TANF) Prevention, Retention, Contingency Services	93.558	377,431
Passed through the Ohio Department of Alcohol and Drug Addiction Services and the Franklin County ADAMH Board		
Block Grant for Prevention and Treatment of Substance Abuse	93.959	33,664
Substance Abuse and Mental Health Services Administration:		
Health is Primary	93.243	494,067
Act Outreach	93.243	361,383
Integrated Healthcare	93.243	264,486
AOD	93.243	200,034
Total U.S. Department of Health and Human Services		<u>2,482,665</u>
U.S. Department of Justice:		
Passed through the Franklin County Commissioners:		
Violence Against Women Formula Grant (Stalking Victims Grant)	16.588	<u>32,726</u>
Total U.S. Department of Justice		<u>32,726</u>

*See Independent Auditors' Report.*

SOUTHEAST, INC. AND AFFILIATES

**Schedule of Expenditures of Federal Awards (Continued)**

For the Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures
U.S. Department of Housing and Urban Development: Passed through City of Columbus Department of Development: Home Investment Partnership Program	14.239	136,058
Direct: Supportive Housing Program	14.235	260,680
Passed through the Ohio Department of Development Homeless Assistance Grant Program: Emergency Shelter Grants Program	14.231	<u>214,614</u>
Total U.S. Department of Housing and Urban Development		<u>611,352</u>
Total Expenditures of Federal Awards		<u>\$ 3,126,743</u>

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Southeast, Inc. and Affiliates and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the accompanying consolidated financial statements.

Southeast's controlled affiliate, Alternative Lifestyles, Inc., is subject to a separate audit performed in accordance with *Government Auditing Standards* and with the *Consolidated Audit Guide for Audits of HUD Programs*. The audited reporting package is submitted to the U.S. Department of Housing and Urban Development. Related amounts considered to be federal awards were excluded from the Schedule.

*See Independent Auditors' Report.*

**AGENCY REVENUE (All Services)**

Budget  Actual

Agency Name: SOUTHEAST, INC      Executive Director: BILL LEE  
 Agency UPI#: 06723  
 Address: 16 W. LONG ST. COL, OH 43215      Agency Phone #: 614-225-0980

1. Revenue Source	H0001 AD Assessment	H0006 AD Case Mgt.	H0007 AD Crisis Intervention	H0005 AD Grp Counseling	H0004 AD Ind Counseling	H0016 AD Medical Somatic	A0620 AD Education	H0047 AD TANF	90862 MH Pharm. Mgt.	H0031 MH Mental Health Assessment	90801 MH Psychiatric Diag. Interview
<b>ADAMH Non-Medicaid Claims</b>	48,370	38,675	207	125,538	28,263	20,676			862,484	93,143	25,203
<b>ADAMH Block Grants (Identify by program):</b>											
(1) AD PREVENTION C&A							33,664				
(2) MH PREVENTION - ADULT											
(3) MH SMD (CMTY LVG SP)											
(4) MH SMD (Briggsdale)											
(5) MH Tx SMD (Project Work)											
(6) MH FLEX FUND (SMD)											
(7) AD Adult (TANF)								95,394			
(8) MH RFR Crimmial Justice											
(9) Consumer Outcomes Group											
(10) Homeless Outreach											
(11) MH Treatment (IDDT)											
(12) Residential											
(13) ODMH Transitional Housing											
<b>Other ADAMH Funds (Identify):</b>											
Incentive Funds											
ADAMH/ODMH Central Pharmacy											
Other (1) Other ADAMH									101,000		
Other (2)											
<b>Total Franklin County ADAMH -- Allocation Contract Amount</b>	<b>48,370</b>	<b>38,675</b>	<b>207</b>	<b>125,538</b>	<b>28,263</b>	<b>20,676</b>	<b>33,664</b>	<b>95,394</b>	<b>963,484</b>	<b>93,143</b>	<b>25,203</b>
Medicaid - MH									1,521,283	162,072	24,216
Medicaid - AD	28,901	31,854		73,753	16,038	18,703					
<b>Total Franklin County Medicaid</b>	<b>28,901</b>	<b>31,854</b>		<b>73,753</b>	<b>16,038</b>	<b>18,703</b>			<b>1,521,283</b>	<b>162,072</b>	<b>24,216</b>
<b>Other Provider Funding</b>											
General Assistance									17,909		
1st/3rd Party Fees	495			1,226	505	56			86,350	2,498	6,670
<b>Other External Revenue (list):</b>											
(1) FCCS Revenue											
(2) United Way Revenue											
(3) Contracts & Grants	3,800			39,850	5,000	6,700		177,431	58,400	44,500	
(4) Pharmacy Sales											
Other Provider Funding				3,000			16,010		32,450	46,850	28,500
Other Belmont MHRB									133,347	40,916	3,512
<b>Out of County Medicaid</b>									526,183	94,801	51,784
<b>Total Other Provider Funding</b>	<b>4,295</b>			<b>44,076</b>	<b>5,505</b>	<b>6,756</b>	<b>16,010</b>	<b>177,431</b>	<b>854,639</b>	<b>229,565</b>	<b>90,466</b>
<b>GRAND TOTAL REVENUES</b>	<b>81,566</b>	<b>70,529</b>	<b>207</b>	<b>243,367</b>	<b>49,806</b>	<b>46,135</b>	<b>49,674</b>	<b>272,825</b>	<b>3,339,406</b>	<b>484,780</b>	<b>139,885</b>
<b>TOTAL EXPENSES from UCR-047(s)</b>	<b>82,569</b>	<b>61,904</b>	<b>218</b>	<b>243,879</b>	<b>50,575</b>	<b>46,179</b>	<b>49,678</b>	<b>180,321</b>	<b>3,447,117</b>	<b>630,399</b>	<b>192,234</b>
<b>Operating Profit/Loss</b>	<b>-1,003</b>	<b>8,625</b>	<b>-11</b>	<b>-512</b>	<b>-769</b>	<b>-44</b>	<b>-4</b>	<b>92,504</b>	<b>-107,711</b>	<b>-145,619</b>	<b>-52,349</b>

**AGENCY REVENUE (All Services)**

Agency Name: SOUTHEAST, INC

Agency UPI#: 06723

Address: 16 W. LONG ST. COL, OH 43215

1. Revenue Source	H0004 MH BH Couns. & Therapy (Ind.)	H0004 MH BH Couns. & Therapy (Grp.)	S9484 MH Crisis Intervention	S0201 MH Partial Hospitalization	H0036 MH Comm Psych Sppt Tx (Ind)	H0036 MH Comm Psych Sppt Tx (Grp)	H0038 MH Self-Help/ Peer Svcs	M4120 MH Consultation	M1620 MH Employment	M4140/41 MH Education	M2240 MH Community Residence	M2200 MH Residential Care
<b>ADAMH Non-Medicaid Claims</b>	80,764	92,282	3,072	12,849	1,083,981	137,357	7,330					204,114
<b>ADAMH Block Grants (Identify by program):</b>												
(1) AD PREVENTION C&A												
(2) MH PREVENTION - ADULT								11,953		44,000		
(3) MH SMD (CMTY LVG SP)							91,937					
(4) MH SMD (Briggsdale)												
(5) MH Tx SMD (Project Work)									363,291			
(6) MH FLEX FUND (SMD)												
(7) AD Adult (TANF)												
(8) MH RFR Crimmial Justice					193,623							
(9) Consumer Outcomes Group									12,798			
(10) Homeless Outreach												
(11) MH Treatment (IDDT)					41,043							
(12) Residential												435,966
(13) ODMH Transitional Housing												
<b>Other ADAMH Funds (Identify):</b>												
Incentive Funds												
ADAMH/ODMH Central Pharmacy												
Other (1) Other ADAMH					67,177							
Other (2)												
<b>Total Franklin County ADAMH -- Allocation Contract Amount</b>	<b>80,764</b>	<b>92,282</b>	<b>3,072</b>	<b>12,849</b>	<b>1,385,824</b>	<b>137,357</b>	<b>99,267</b>	<b>11,953</b>	<b>376,089</b>	<b>44,000</b>		<b>640,080</b>
Medicaid - MH	338,340	235,054	6,375	83,870	3,169,573	383,681						
Medicaid - AD												
<b>Total Franklin County Medicaid</b>	<b>338,340</b>	<b>235,054</b>	<b>6,375</b>	<b>83,870</b>	<b>3,169,573</b>	<b>383,681</b>						
<b>Other Provider Funding</b>												
General Assistance												
1st/3rd Party Fees	63,472	40,365			42,607	43						26,782
Other External Revenue (list):												
(1) FCCS Revenue												
(2) United Way Revenue												
(3) Contracts & Grants									196,193			
(4) Pharmacy Sales												
Other Provider Funding	59,200			103,354								
Other Belmont MHRB	34,440	3,557	136,468	84,337	84,397	10					496,051	
<b>Out of County Medicaid</b>	<b>547,908</b>	<b>7,495</b>	<b>36,612</b>	<b>579,261</b>	<b>1,384,274</b>	<b>202</b>						
<b>Total Other Provider Funding</b>	<b>705,020</b>	<b>51,417</b>	<b>173,080</b>	<b>766,952</b>	<b>1,511,278</b>	<b>255</b>			<b>196,193</b>		<b>496,051</b>	<b>26,782</b>
<b>GRAND TOTAL REVENUES</b>	<b>1,124,124</b>	<b>378,753</b>	<b>182,527</b>	<b>863,671</b>	<b>6,066,675</b>	<b>521,293</b>	<b>99,267</b>	<b>11,953</b>	<b>572,282</b>	<b>44,000</b>	<b>496,051</b>	<b>666,862</b>
<b>TOTAL EXPENSES from UCR-047(s)</b>	<b>1,379,562</b>	<b>477,891</b>	<b>196,743</b>	<b>798,813</b>	<b>6,600,680</b>	<b>551,301</b>	<b>158,861</b>	<b>13,255</b>	<b>551,901</b>	<b>63,480</b>	<b>388,407</b>	<b>657,966</b>
<b>Operating Profit/Loss</b>	<b>-255,438</b>	<b>-99,138</b>	<b>-14,216</b>	<b>64,858</b>	<b>-534,005</b>	<b>-30,008</b>	<b>-59,594</b>	<b>-1,302</b>	<b>20,381</b>	<b>-19,480</b>	<b>107,644</b>	<b>8,896</b>

**AGENCY REVENUE (All Services)**

Agency Name: SOUTHEAST, INC  
 Agency UPI#: 06723  
 Address: 16 W. LONG ST. COL, OH 43215

1. Revenue Source	M2201 MH Residential Care	M2202 MH Residential Care	M2203 MH Residential Care	M3140 MH Other Serv NON HC	MH CCOE	M3142 MH OTHER Briggsdale	M3143 MH OTHER	MH OTHER CP	M3145 MH Other Serv FLEX FUNDS	PASARR
<b>ADAMH Non-Medicaid Claims</b>	183,443	121,793					92,967			
<b>ADAMH Block Grants (Identify by program):</b>										
(1) AD PREVENTION C&A										
(2) MH PREVENTION - ADULT										
(3) MH SMD (CMTY LVG SP)										
(4) MH SMD (Briggsdale)										
(5) MH Tx SMD (Project Work)										
(6) MH FLEX FUND (SMD)									5,073	
(7) AD Adult (TANF)										
(8) MH RFR Crimmial Justice										
(9) Consumer Outcomes Group										
(10) Homeless Outreach				563,893						
(11) MH Treatment (IDDT)										
(12) Residential	257,880									
(13) ODMH Transitional Housing										
<b>Other ADAMH Funds (Identify):</b>										
Incentive Funds										
ADAMH/ODMH Central Pharmacy								92,990		
Other (1) Other ADAMH										
Other (2)								35,472		
<b>Total Franklin County ADAMH -- Allocation Contract Amount</b>	<b>441,323</b>	<b>121,793</b>		<b>563,893</b>			<b>92,967</b>	<b>128,462</b>	<b>5,073</b>	
Medicaid - MH										
Medicaid - AD										
<b>Total Franklin County Medicaid</b>										
<b>Other Provider Funding</b>										
General Assistance										
1st/3rd Party Fees	10,083	12,278								
Other External Revenue (list):										
(1) FCCS Revenue										
(2) United Way Revenue										
(3) Contracts & Grants					328,700	58,141				
(4) Pharmacy Sales										
Other Provider Funding			51,615							
Other Belmont MHRB			278,784							511
<b>Out of County Medicaid</b>										
<b>Total Other Provider Funding</b>	<b>10,083</b>	<b>12,278</b>	<b>330,399</b>		<b>328,700</b>	<b>58,141</b>				<b>511</b>
<b>GRAND TOTAL REVENUES</b>	<b>451,406</b>	<b>134,071</b>	<b>330,399</b>	<b>563,893</b>	<b>328,700</b>	<b>58,141</b>	<b>92,967</b>	<b>128,462</b>	<b>5,073</b>	<b>511</b>
<b>TOTAL EXPENSES from UCR-047(s)</b>	<b>452,503</b>	<b>159,579</b>	<b>384,995</b>	<b>533,565</b>	<b>310,969</b>	<b>97,238</b>	<b>59,670</b>	<b>128,462</b>	<b>5,073</b>	<b>511</b>
<b>Operating Profit/Loss</b>	<b>-1,097</b>	<b>-25,508</b>	<b>-54,596</b>	<b>30,328</b>	<b>17,731</b>	<b>-39,097</b>	<b>33,297</b>			

See Independent Auditors' Report.



**AGENCY REVENUE (All Services)**

Agency Name: SOUTHEAST, INC  
 Agency UPI#: 06723  
 Address: 16 W. LONG ST. COL, OH 43215

1. Revenue Source	NON ODMH/ODADAS Services	3. TOTAL
<b>ADAMH Non-Medicaid Claims</b>		<b>3,262,511</b>
<b>ADAMH Block Grants (Identify by program):</b>		
(1) AD PREVENTION C&A		33,664
(2) MH PREVENTION - ADULT		55,953
(3) MH SMD (CMTY LVG SP)		91,937
(4) MH SMD (Briggsdale)		
(5) MH Tx SMD (Project Work)		363,291
(6) MH FLEX FUND (SMD)		5,073
(7) AD Adult (TANF)		95,394
(8) MH RFR Crimmial Justice		193,623
(9) Consumer Outcomes Group		12,798
(10) Homeless Outreach		563,893
(11) MH Treatment (IDDT)		41,043
(12) Residential		693,846
(13) ODMH Transitional Housing		
<b>Other ADAMH Funds (Identify):</b>		
Incentive Funds		
ADAMH/ODMH Central Pharmacy		92,990
Other (1) Other ADAMH		168,177
Other (2)		35,472
<b>Total Franklin County ADAMH -- Allocation Contract Amount</b>		<b>5,709,665</b>
Medicaid - MH		5,924,464
Medicaid - AD		169,249
<b>Total Franklin County Medicaid</b>		<b>6,093,713</b>
<b>Other Provider Funding</b>		
General Assistance		17,909
1st/3rd Party Fees		293,430
Other External Revenue (list):		
(1) FCCS Revenue		
(2) United Way Revenue		
(3) Contracts & Grants	3,873,880	4,792,595
(4) Pharmacy Sales	6,277,516	6,277,516
Other Provider Funding	1,698,193	2,039,172
Other Belmont MHRB		1,296,330
<b>Out of County Medicaid</b>		<b>3,228,520</b>
<b>Total Other Provider Funding</b>	11,849,589	<b>17,945,472</b>
<b>GRAND TOTAL REVENUES</b>	11,849,589	<b>29,748,850</b>
<b>TOTAL EXPENSES from UCR-047(s)</b>	10,150,835	<b>29,107,333</b>
<b>Operating Profit/Loss</b>	1,698,754	<b>641,517</b>
	Unallowable Expense	398,632

Form A-1 Uniform Cost Report (UCR)

MACSIS UPI: '06723

DMH-FIS-047

REPORTING PERIOD: From: July 1, 2009 To: June 30, 2010

Agency Name: SOUTHEAST, INC.  
 Agency Address: 16 W. LONG STREET  
COLUMBUS, OH 43215

Budget \_\_\_\_\_ Actual XXX

Owner Federal Tax I.D. Number: 31-0940189

Agency Telephone No: 614-225-0980

1	HCPCS / Procedure Code	Unit Definition	2		3		4		5	6	7	8	9	10	11	12
			No. of Units	No. FTE Assigned	Direct Service (A)	Support Service (B)	Direct Service (A)	Support Service (B)	Service Non-Personnel Costs	Service Total Costs						
Type of Service											\$ Allocation of Admin. Overhead	Total Costs	Cost/Unit	Un-Allowable Costs	Total Allowable Cost	Allowable Cost/Unit
M	Pharmacological Mgt. (Medication/Somatic)	90862	60 Min.	14,726.7	19.27	9.09	\$1,997,000	\$551,621	\$723,159	\$3,271,780	\$175,337	\$3,447,117	\$234.07	\$46,212	\$3,400,905	\$230.93
C	Mental Health Assessment (non-physician) (Diag. Assess.)	H0031	60 Min.	2,814.6	4.71	3.19	\$277,539	\$171,890	\$132,126	\$581,555	\$48,844	\$630,399	\$223.97	\$8,443	\$621,956	\$220.97
D	Psychiatric Diagnostic Interview (Physician) (Diag. Assess.)	90801	60 Min.	421.1	0.76	0.26	\$164,088	\$14,069	\$7,803	\$185,960	\$6,274	\$192,234	\$456.50	\$499	\$191,735	\$455.32
	BH Counseling and Therapy (Ind.) (Ind. Counseling)	H0004	15 Min.	44,593	14.22	6.15	\$771,926	\$272,905	\$208,791	\$1,253,622	\$125,940	\$1,379,562	\$30.94	\$13,342	\$1,366,220	\$30.64
	BH Counseling and Therapy (Gp.) (Gp. Counseling)	H0004	15 Min.	34,820	3.25	3.49	\$189,886	\$177,438	\$68,885	\$436,209	\$41,682	\$477,891	\$13.72	\$4,402	\$473,489	\$13.60
S	Crisis Intervention MH Services (Crisis Intervention)	S9484	60 Min.	678.0	2.24	0.81	\$121,158	\$38,300	\$18,461	\$177,919	\$18,824	\$196,743	\$290.18	\$1,180	\$195,563	\$288.44
V	Partial Hospitalization, less than 24 hr. (Partial Hospitalization)	S0201	Program Day	6,515.0	7.38	4.97	\$354,681	\$183,788	\$183,941	\$722,410	\$76,403	\$798,813	\$122.61	\$11,754	\$787,059	\$120.81
C	Community Psychiatric Supportive Treatment (Ind.) (Ind. CSP)	H0036	15 Min.	272,530.8	72.07	22.86	\$3,001,429	\$1,038,526	\$1,973,779	\$6,013,734	\$586,946	\$6,600,680	\$24.22	\$126,129	\$6,474,551	\$23.76
S	Community Psychiatric Supportive Treatment (Gp.) (Gp. CSP)	H0036	15 Min.	54,589.0	4.25	3.98	\$165,900	\$188,977	\$145,565	\$500,442	\$50,889	\$551,301	\$10.10	\$9,302	\$541,999	\$9.93
O	Behavioral Health Hotline Service (Hotline)	H0030	60 Min.													
H	Other MH Svc., not otherwise specified (hltcare) (Other MH Serv.)	H0046	60 Min.													
	Self-Help/Peer Svcs. (Peer Support)	H0038	15 Min.	5,574	3.11	0.25	\$86,162	\$17,062	\$34,821	\$138,045	\$20,816	\$158,861	\$28.50	\$2,225	\$156,636	\$28.10
N	Adjunctive Therapy (Same)	M1440	60 Min.													
O	Adult Education (Same)	M1540	60 Min.													
N	Consultation (Same)	M4120	60 Min.	164.8	0.23	0.03	\$9,903	\$1,179	\$556	\$11,638	\$1,617	\$13,255	\$80.43	\$36	\$13,219	\$80.21
	Consumer Operated Service (Same)	M3120	60 Min.													
H	Employment (Employment/Vocational)	M1620	60 Min.	9,826.3	9.07	0.80	\$335,753	\$27,465	\$127,644	\$490,862	\$61,039	\$551,901	\$56.17	\$8,157	\$543,744	\$55.34
A	Mental Health Education	M4140	60 Min.	1,057.5	1.01	0.05	\$47,783	\$4,612	\$4,516	\$56,911	\$6,569	\$63,480	\$60.03	\$289	\$63,191	\$59.76
T	Mental Health Education (WMR)		60 Min.		3.47	0.50	\$204,385	\$38,101	\$43,938	\$286,424	\$24,545	\$310,969			\$310,969	
H	Other MH Svc., non-healthcare services (Other MH Serv.)	M3140	60 Min.	5,835.9	6.44	0.94	\$347,485	\$56,658	\$83,824	\$487,967	\$45,598	\$533,565	\$91.43	\$5,357	\$528,208	\$90.51
A	Other MH Svc., non-healthcare services (MH Other - Flex Funds)	M3145	24 Hours	33.0			\$0	\$0	\$5,073	\$5,073		\$5,073	\$153.73		\$5,073	\$153.73
R	Other MH Svc., non-healthcare services (Accup)	M3143	60 Min.	1,114.1	0.75	0.08	\$40,720	\$5,381	\$8,440	\$54,541	\$5,129	\$59,670	\$53.56	\$539	\$59,131	\$53.08
E	Other MH Svc., non-healthcare services (Briggdale)	M3142	60 Min.	1,517.7	1.90	0.01	\$64,351	\$917	\$20,158	\$85,426	\$11,811	\$97,238	\$64.07	\$1,288	\$95,950	\$63.22
	Prevention (Same)	M4110	60 Min.													
	School Psychology (Same)	M1530	60 Min.													
	Social & Recreational Service (Same)	M1550	60 Min.													
R	Community Residence (Same)	M2240	24 Hours	12,772	0.40	0.17	\$21,377	\$6,799	\$356,705	\$384,881	\$3,526	\$388,407	\$30.41	\$22,794	\$365,613	\$28.63
E	Crisis Care (Crisis Bed)	M2280	24 Hours													
S	Foster Care (same)	M2250	24 Hours													
I	Residential Care (Redmond)	M2200	24 Hours	3,526.0	8.62	3.60	\$261,033	\$118,935	\$202,428	\$582,396	\$75,570	\$657,966	\$186.60	\$12,935	\$645,031	\$182.94
D	Residential Care (Carpenter)	M2201	24 Hours	2,006.0	7.46	1.19	\$235,360	\$39,622	\$123,994	\$398,976	\$53,527	\$452,503	\$225.57	\$7,924	\$444,579	\$221.62
	Residential Care (Parker Morrow)	M2202	24 Hours	716.0	3.32	0.14	\$96,600	\$6,463	\$35,103	\$138,166	\$21,413	\$159,579	\$222.88	\$2,243	\$157,336	\$219.74
	Residential Care (4 Oaks)	M2203	24 Hours	3,942	6.12	2.65	\$162,209	\$53,926	\$126,941	\$343,076	\$41,919	\$384,995	\$97.66	\$8,112	\$376,883	\$95.61
**	Forensic Evaluation (Same)	**	60 Min.													
**	PASARR (Same)	**	60 Min.	7	0.01	0.00	\$372	\$30	\$68	\$470	\$41	\$511	\$73.00		\$511	\$73.00
	Other MH Services (CP)								\$128,462	\$128,462		\$128,462			\$128,462	
Total MH Services				180.06	65.22		\$8,957,100	\$3,014,664	\$4,765,181	\$16,736,945	\$1,504,230	\$18,241,175		\$293,162	\$17,948,013	
Ohio Department of Alcohol and Drug Addiction Services				7.22	2.88		\$333,104	\$142,230	\$177,506	\$652,840	\$62,483	\$715,323		\$11,344	\$703,979	
Title IV-E Services																
Other Non-Mental Health Services				64.56	9.67		\$2,469,878	\$487,011	\$6,735,373	\$9,692,262	\$458,573	\$10,150,835		\$94,127	\$10,056,708	
Total Agency Service Total				251.84	77.77		\$11,760,082	\$3,643,905	\$11,678,060	\$27,082,047	\$2,025,286	\$29,107,333				
Total Administration					21.73			\$1,495,928	\$529,358	\$2,025,286						
AGENCY TOTAL				251.84	99.50		\$11,760,082	\$5,139,833	\$12,207,418	\$29,107,333				\$398,633	\$28,708,700	

I certify that this UCR and all supporting documentation have been completed in accordance with OAC 5122-26-19

Name/Title: \_\_\_\_\_ CFO

Date: August 31, 2010

FORM A-1, UNIFORM COST REPORT (UCR)  
 AGENCY EXPENSE REPORT  
 OODADAS-FIS-047

31-0940189 Owner's Federal Tax Identification Number

MACSIS UPI: 06723 & 03040

AGENCY NAME: SOUTHEAST, INC. Budget xxx Actual

REPORTING PERIOD: 07/01/2009 to 6/30/2010

AGENCY ADDRESS: 16 W. LONG STREET COLUMBUS, OH 43215

AGENCY TELEPHONE NO: 614-225-0980

1. Service Taxonomy and MACSIS Procedure Codes	2. Number of Units	3. Number of FTE Assigned		4. Personnel Costs		5. Service Non- Personnel Costs	6. Service Total Costs	7. Allocation of Administrative Overhead	8. Total Costs	9. Cost Per Unit	10. Unallowable Costs	11. Total Allowable Costs	12. Allowable Cost Per Unit
		Direct Service (a)	Support Service (b)	Direct Service (a)	Support Service (b)								
<b>TREATMENT SERVICES</b>													
Acute Hospital Detoxification - H0009													
Ambulatory Detoxification - H0014													
Assessment - H0001	815.5	1.10	0.24	\$51,197	\$9,355	\$13,701	\$74,253	\$8,316	\$82,569	\$101.25	\$876	\$81,693	\$100.18
Case Management - H0006	700.2	0.78	0.19	\$33,520	\$12,145	\$10,301	\$55,966	\$5,938	\$61,904	\$88.41	\$658	\$61,246	\$87.47
Crisis Intervention - H0007	1.6	0.002	0.00	\$177		\$29	\$206	\$12	\$218	\$136.25	\$2	\$216	\$135.00
Family Counseling - T1006													
Group Counseling - H0005	22,289	1.48	1.39	\$65,615	\$65,666	\$94,888	\$226,169	\$17,710	\$243,879	\$10.94	\$6,064	\$237,815	\$10.67
Individual Counseling - H0004	2,096	0.40	0.30	\$19,011	\$12,542	\$14,673	\$46,226	\$4,349	\$50,575	\$24.13	\$938	\$49,637	\$23.68
Intensive Outpatient - H0015													
Laboratory Urinalysis - H0003													
Medical Somatic - H0016	226.9	0.43	0.02	\$37,221	\$666	\$5,559	\$43,446	\$2,733	\$46,179	\$203.52	\$355	\$45,824	\$201.96
Medadone Administration - H0020													
Sub Acute Detoxification - H0012													
23 Hour Observation Bed - 99236													
Urine Dip Screen - A0760													
<b>COMMUNITY RESIDENTIAL TREATMENT Includes Room &amp; Board costs</b>													
Medical Community Residential Treatment - Hospital Setting - A1210													
Medical Community Residential Treatment - Non-Hospital Setting - A0230													
Non-Medical Community Residential Treatment - A1220													
<b>BH COMMUNITY RESIDENTIAL TREATMENT Excludes Room &amp; Board costs</b>													
BH Medical Community Residential Treatment - Hospital Setting - H0017													
BH Medical Community Residential Treatment - Non-Hospital Setting - H0018													
BH Non-Medical Community Residential Treatment - H0019													
<b>COMMUNITY SERVICES</b>													
Consultation - A0560													
Hotline - H0030													
Intervention - H0022													
Outreach - H0023													
Referral and Information - A0510													
Training - H0021													
<b>PREVENTION SERVICES</b>													
Alternatives - A0660													
Community-Based Process - A0630													
Education - A0620	678.3	0.50	0.15	\$26,118	\$12,982	\$6,582	\$45,682	\$3,996	\$49,678	\$73.24	\$421	\$49,257	\$72.62
Environmental - A0640													
Information Dissemination - A0610													
Problem Identification and Referral - A0650													
<b>ADJUNCTIVE ALCOHOL AND DRUG SERVICES</b>													
Child Care - T1009													
Meals - T1010													
Room and Board - A0740													
Transportation - A0750													
AOD Services Not Otherwise Classified - H0047	1,185.5	2.54	0.06	\$100,245	\$28,874	\$31,772	\$160,891	\$19,430	\$180,321	\$152.11	\$2,030	\$178,291	\$150.39
<b>DRIVER INTERVENTION PROGRAMS</b>													
Non-Residential DIP													
Residential DIP - 48 Hour													
Residential DIP - 72 Hour													
<b>OTHER</b>													
Administrative Overhead			21.73			\$1,495,928	\$529,358		\$2,025,286				
Mental Health Services		180.06	65.22	\$8,957,100	\$3,014,664	\$4,765,181	\$16,736,945	\$1,504,230	\$18,241,175		\$293,162	\$17,948,013	
Title IV-E Services													
Non AOD/MH/Title IV-E Services		64.56	9.67	\$2,469,878	\$487,011	\$6,735,373	\$9,692,262	\$458,573	\$10,150,835		\$94,127	\$10,056,708	
<b>TOTALS</b>													
TOTALS FOR AOD SERVICES	27,993.0	7.24	2.35	\$333,104	\$142,230	\$177,505	\$652,839	\$62,484	\$715,323		\$11,344	\$703,979	
TOTALS FOR AGENCY		251.86	98.97	\$11,760,082	\$5,139,833	\$12,207,417	\$29,107,332	\$2,025,287	\$29,107,333		\$398,633	\$28,708,700	

I certify that this UCR and all supporting documentation (including Forms A-2, A-3 and A-4 or their equivalents) have been completed in accordance with OAC 3793.2-1-09

Name/Title: \_\_\_\_\_

Date: August 31, 2010

SOUTHEAST, INC. AND AFFILIATES

**ADAMH Key Performance Indicators**

For the Year Ended June 30, 2010  
(with comparative totals for the year ended June 30, 2009)

			<u>2010</u>	<u>2009</u>
<b>Current Ratio:</b>				
<u>Current assets</u>	<u>17,762,709</u>	=	<b>7.05</b>	6.23
Current liabilities	2,519,172			
<b>Debt to Equity Ratio:</b>				
<u>Total liabilities</u>	<u>4,090,302</u>	=	<b>0.23</b>	0.25
Total equity	18,041,952			
<b>Administrative Costs to Expense:</b>				
<u>Total administrative costs</u>	<u>2,025,285</u>	=	<b>0.07</b>	0.06
Total expenses	29,107,329			
<b>Total Revenue to Total Expenses:</b>				
<u>Total revenue</u>	<u>29,748,848</u>	=	<b>1.02</b>	1.02
Total expenses	29,107,329			
<b>Fund Balance Reserve Ratio:</b>				
<u>Total fund balance</u>	<u>18,041,952</u>	=	<b>7.44</b>	6.38
Total expenses / 12	2,425,611			
<b>Percent of ADAMH Funding:</b>				
<u>Total revenue from Franklin County ADAMH (including Medicaid)</u>	<u>11,767,907</u>	=	<b>0.40</b>	0.45
Total revenue	29,748,848			

See Independent Auditors' Report.

SOUTHEAST, INC. AND AFFILIATES

**Schedule of Ohio Department of Development Grants**

For the Year Ended June 30, 2010

<u>Division Name, Grant Name</u>	<u>Grant Number</u>	<u>Beginning Balance</u>	<u>2010 Cash Receipts</u>	<u>2010 Expenditures</u>	<u>Ending Receivable Balance</u>
<b>Office of Housing and Community Partnerships</b>					
New Horizons Grant	N-D-07-861-1	\$ 138,980	\$ 181,736	\$ 214,614	\$ 171,858
<b>GRAND TOTAL</b>		<u>\$ 138,980</u>	<u>\$ 181,736</u>	<u>\$ 214,614</u>	<u>\$ 171,858</u>

**Presentation:**

This schedule is required by the Ohio Department of Development to be included in the annual consolidated financial statements reporting package in accordance with grant funding contracts.

*See Independent Auditors' Report.*



To the Board of Directors  
Southeast, Inc. and Affiliates  
Columbus, Ohio

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

We have audited the consolidated financial statements of Southeast, Inc. and Affiliates as of and for the year ended June 30, 2010, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The consolidated financial statements of Southeast, Inc. and Affiliates include Alternative Lifestyles, Inc., the financial statements of which were audited by us in a separately issued financial statement and thus was excluded from our auditing procedures considered within this report. We did conduct an audit in accordance with the standards applicable to financial audits contained by *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Southeast, Inc. and Affiliates' internal control over financial reporting as a basis for designing our auditing procedures 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 Southeast, Inc. and Affiliates' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southeast, Inc. and Affiliates' internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors and the audit committee of the Organization, as well as federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*GBQ Partners LLC*

Columbus, Ohio  
December 6, 2010



To the Board of Directors  
Southeast, Inc. and Affiliates  
Columbus, Ohio

**Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major  
Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Southeast, Inc. and Affiliates with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southeast, Inc. and Affiliates' major federal programs for the year ended June 30, 2010. Southeast, Inc. and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Southeast, Inc.'s management. Our responsibility is to express an opinion on Southeast, Inc.'s compliance based on our audit.

Southeast, Inc. and Affiliates includes Alternative Lifestyles, Inc., the financial statements of which were audited by us as a separate component and thus was excluded from our auditing procedures considered for federal award compliance. Alternative Lifestyles, Inc. did not have an audit in accordance with the OMB Circular A-133 Compliance Supplement because the federal awards were less than the amount that obligates such audit.

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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* 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 Southeast, Inc. and Affiliates' 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. Our audit does not provide a legal determination of Southeast Inc. and Affiliates' compliance with those requirements.

In our opinion, Southeast, Inc. and Affiliates complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.



Internal Control Over Compliance

Management of Southeast, Inc. and Affiliates is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Southeast, Inc. and Affiliates' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Southeast Inc. and Affiliates' internal control over compliance.

Southeast, Inc. and Affiliates includes Alternative Lifestyles, Inc., the financial statements of which were audited by us as a separate component and thus was excluded from our auditing procedures considered for federal awards internal control over compliance. Alternative Lifestyles, Inc. did not have an audit in accordance with the OMB Circular A-133 Compliance Supplement because the federal awards were less than the amount that obligates such audit.

A deficiency in control internal control over compliance 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, 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors and the audit committee of the Organization, as well as federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*GBQ Partners LLC*

SOUTHEAST, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditor’s report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None Reported

Type of auditor’s report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.235	U.S. Department of Housing and Urban Development; Supportive Housing Program
93.150	U.S. Department of Health and Human Services; Substance Abuse and Mental Health Services Administration; Projects for Assistance in Transition from Homelessness (PATH)
93.958	U.S. Department of Health and Human Services; Substance Abuse and Mental Health Services Administration; Block Grants for Community Mental Health Services; Wellness Management and Recovery

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee?  Yes  No

SOUTHEAST, INC. AND AFFILIATES

**Schedule of Findings and Questioned Costs (Continued)**

For the Year Ended June 30, 2010

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**Section II – Financial Statements Findings**

None noted.

**Section III – Federal Award Findings and Questioned Costs**

None noted.

**Section IV – Summary of Status of Prior Year Findings**

None noted.