

# **Blount/St. Clair 310 Board, Inc.**

Financial Report  
September 30, 2020

## Contents

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Letter of transmittal (unaudited)	1-3
Independent auditor's report	4-5
Management's discussion and analysis (unaudited)	6-9
Basic financial statements	
Statements of net position	10
Statements of revenues, expenses and changes in net position	11
Statements of cash flows	12
Notes to financial statements	13-18
Supplementary information	
Schedule of revenues	19
Schedule of expenses	20
Board of Directors	21
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 <i>Government Auditing Standards</i>	22-23
Independent auditor's report on compliance with Alabama Department of Mental Health contract	24

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# Blount/St. Clair 310 Board

510 4<sup>th</sup> Avenue E.  
Oneonta, AL 35121  
205-625-3201

January 5, 2021

The Board of Directors  
Blount/St. Clair 310 Board, Inc.

We are pleased to submit to you the basic financial statements and the supplementary information (hereafter referred to as financial statements) of Blount/St. Clair 310 Board, Inc. (the Organization) for the year ended September 30, 2020. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Organization's financial affairs have been included. It is the responsibility of the Executive Director of the Organization to assure and assist in the preparation of the financial statements.

To facilitate the understanding of the Organization's financial position, the financial statements are divided into the following sections:

- Introductory section: Includes a table of contents and this letter of transmittal
- Financial section: Consists of the independent auditor's report, management's discussion and analysis, basic financial statements and notes to the basic financial statements
- Supplementary information section
- Compliance section

The primary role of the Organization will be the provision of service coordination services to eligible individuals residing in Blount and St. Clair Counties. These services will be family and consumer driven, proactive and creative in their response to individual needs and desires. Community-based supports will be designed to provide a wide array of service options tailored to address individual and family needs, promote natural support networks and family unity, and increase each individual's social capital. The Organization is committed to proactively informing and supporting people with disabilities and their families to know and exercise their rights in all aspects of their lives. The Organization will be fiscally responsible in the use of the resources provided to carry out this mission.

## **Governmental Structure**

The Organization, as formed under Alabama Act 310, 1967 (the Act), as amended, and incorporated in June 1994, operates under the guidelines of the Act, as well as the Administrative Code of Alabama for an organization formed under Act 310. The Organization was incorporated to do business by the governing bodies of Blount County, Oneonta, Blountsville, Hayden, Cleveland, Snead and Locust Fork. Each of these governmental entities appoints members to the Organization's Board of Directors for a total of no less than nine members for terms, as so stipulated by Bylaws of the Organization.

### **Outlook for the Future**

The Organization contracts primarily through The State of Alabama Department of Mental Health (DMH). The primary role of the Organization of service coordination services to eligible individuals continue, following changes that took effect January 1, 2005. The Organization currently employs 4 full-time individuals. As anticipated, operating revenues increased during fiscal year 2020 while operating expenses also increased, and the Organization anticipates a similar 2021 fiscal year.

### **Financial Information, Management and Control**

A detailed understanding of the financial position and operating results of the Organization is provided in the financial statements. Presented below is a brief description of financial information, management of financial resources and obligations and control methodology applicable to financial resources, obligations and information.

### **Basis of Accounting**

The Organization's financial records are kept on the accrual method of accounting. The fiscal information is kept in accordance with accounting principles generally accepted in the United States of America. Financial records are closed monthly and all related documents, which include general ledger, trial balance, statement of net position and statement of revenues, expenses and changes in net position are maintained and made a matter of record. The financial records are audited annually by an independent certified public accounting firm using the specified guidelines. The Executive Director and Fiscal Manager are insured by a fidelity bond. Financial records are reviewed annually by the Executive Director. Summary reviews are conducted by the Secretary/Treasurer and Board of Directors at each monthly meeting.

### **Requisitions**

All purchases and/or leases for equipment are done by the Executive Director. Items purchased by the Organization with a unit cost exceeding \$2,000 will require at least three phone quotes. Items over \$3,000 in unit cost will require three written quotes. Purchases over \$5,000 will fall under the State bid laws. Information gathered will be conveyed to the Board of Directors by the Executive Director. Leases are based on contractual agreement.

### **Cash Disbursements**

The accounts payable records are kept by vendor and in chronological order. Each cash disbursement consists of a copy of the check, requisition (when applicable) and invoice. Any and all differences are documented and reconciled.

### **Cash Receipts**

All money received by any employee of the Organization will be receipted, documented and deposited in the bank in an orderly and expedient manner. The State of Alabama Accounting and Resource System (STAARS) was set up in 2014 to improve the way Alabama performs all financial and accounting processes, including budgeting, procurement, personnel, and payroll. Payments from the Alabama Department of Mental Health will be direct deposited from STAARS into the Agency's bank account on file with STAARS.

### **Funds Description**

Basic financial statements for government entities include both government-wide, based on the Organization as a whole, and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. The Organization is engaged only in providing business-type activities, which are reported using an enterprise fund. These activities are financed in whole or in part by fees charged to external parties for goods or services. Since the Organization does not engage in governmental activities, the Business-Type Activity model is used. This model presents only the financial statements required for enterprise funds.

Fund financial statements report detailed information about the Organization. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Organization's one enterprise fund is considered major. The Organization has no non-major funds.

**Debt Administration**

The Organization does not have what is considered short- or long-term debt, except that which is associated with lease agreements on rental property and office equipment. All such lease payments are made on a specified monthly basis.

**Cash Management and Investments**

All funds available to the Organization are maintained in an interest-bearing account.

**Risk Management**

The Organization, because of the nature of its business, is exposed to liability lawsuits. Liability insurance is in effect for protection.

**Independent Audit**

The financial records, books of account and transactions of the Organization for the fiscal year ended September 30, 2020, have been audited by a firm of Independent Public Accountants, and their opinion is included in the financial section of this report. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Those standards require that the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free from material misstatement.

**Acknowledgement**

We would like to thank our independent auditors, Haley & Woods, LLP, for their professional guidance and experience. Their advice and contributions have assured the highest level of financial accountability.

Respectfully Submitted:



Kirsten Beauchamp  
Executive Director

## Independent Auditor's Report

To the Board of Directors  
Blount/St. Clair 310 Board, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Blount/St. Clair 310 Board, Inc. (the Organization), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying letter of transmittal and supplementary information on pages 1 through 3 and 19 through 21, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 19 through 21 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of transmittal on pages 1 through 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Haley & Woods, LLP*

Birmingham, Alabama  
January 5, 2021

## **Blount/St. Clair 310 Board, Inc.**

### **Management's Discussion and Analysis (Unaudited)**

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The following is Blount/St. Clair 310 Board, Inc.'s (the Organization) Management's Discussion and Analysis (MD&A) of financial activities and performance for the fiscal years ended September 30, 2020, 2019 and 2018. It provides an introduction to the Organization's 2020 and 2019 financial statements. Information contained in this MD&A has been prepared by the Organization's management and should be considered in conjunction with the transmittal letter at the front of this report, financial statements and notes to the financial statements.

#### **Overview of Financial Statements**

The annual report consists of three parts: MD&A (this section), the basic financial statements and the notes to the financial statements, which explain some of the information in the statements and provide more detailed data. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows. This report also includes a schedule of revenues, schedule of expenses and listing of the Organization's Board of Directors as supplementary information.

Understanding the financial trend of the Organization begins with understanding the statements of net position and the statements of revenues, expenses and changes in net position. Looking at these two reports, you should be able to determine if the Organization is better off financially this year than it was in the past.

These two reports show the Organization's net position and the changes in it during 2020 and 2019. The Organization's net position is comprised of its assets and any deferred outflows minus its liabilities and any deferred inflows. This is one measure of financial position of the Organization. Over time, increases or decreases in the Organization's net position is a good indicator of whether its financial strength is improving or deteriorating.

The statements of net position and statements of revenues, expenses and changes in net position include all of the assets and liabilities of the Organization using the accrual basis of accounting, which is the method used by most private sector businesses. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid by the Organization.

#### **Financial Analysis of the Organization**

The assets of the Organization exceeded its liabilities at September 30, 2020, by approximately \$379,000. Total assets of the Organization were approximately \$426,000, while total liabilities were approximately \$47,000. Approximately \$2,000 of the Organization's net position was invested in capital assets. Unrestricted net position was approximately \$377,000.

The assets of the Organization exceeded its liabilities at September 30, 2019, by approximately \$333,000. Total assets of the Organization were approximately \$341,000, while total liabilities were approximately \$8,000. Approximately \$3,000 of the Organization's net position was invested in capital assets. Unrestricted net position was approximately \$330,000.

Total assets at September 30, 2020, increased by approximately \$46,000, primarily as the net result of an increase in net position.

Total assets at September 30, 2019, decreased by approximately \$24,000, primarily as the net result of a decrease in accrued compensation absences and a decrease in net position.

**Blount/St. Clair 310 Board, Inc.**

**Management's Discussion and Analysis (Unaudited)**

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Total liabilities at September 30, 2020, increased by approximately \$39,000, primarily as the result of the Paycheck Protection Program refundable advance and an increase in accrued compensation and compensated absences.

Total liabilities at September 30, 2019, decreased by approximately \$13,000, primarily as the result of a net decrease in accrued compensation and compensated absences.

Condensed financial data as of September 30, 2020, 2019 and 2018, is as follows:

	2020	2019	2018
Current assets	\$ 423,843	\$ 337,449	\$ 364,830
Depreciable capital assets, net	2,467	3,207	-
Total assets	<u>\$ 426,310</u>	<u>\$ 340,656</u>	<u>\$ 364,830</u>
Current liabilities	\$ 47,351	\$ 7,996	\$ 21,176
Total liabilities	<u>\$ 47,351</u>	<u>\$ 7,996</u>	<u>\$ 21,176</u>
Net investment in capital assets	\$ 2,467	\$ 3,207	\$ -
Unrestricted net position	376,492	329,453	343,654
Total net position	<u>\$ 378,959</u>	<u>\$ 332,660</u>	<u>\$ 343,654</u>

For the year ended September 30, 2020, operating revenues of \$302,790 came primarily from the Department of Health and Human Services through the State of Alabama Medicaid Agency, which contracted \$221,397 in federal funds. The Department of Mental Health (DMH) is the management agency for the Medicaid funding, which contracted \$81,393 in state (matching) funds.

For the year ended September 30, 2019, operating revenues of \$193,380 came primarily from the Department of Health and Human Services through the State of Alabama Medicaid Agency, which contracted \$138,690 in federal funds. The Department of Mental Health (DMH) is the management agency for the Medicaid funding, which contracted \$54,690 in state (matching) funds.

Program services within the Organization consist of payment for case management and administration. Expenses associated with case management for program services were approximately \$124,000 and \$78,000 for the years ended September 30, 2020 and 2019, respectively. Supporting services associated with the management of the Organization were approximately \$133,000 and \$127,000 for the years ended September 30, 2020 and 2019, respectively. Total operating expenses for the fiscal years ended 2020 and 2019, were approximately \$257,000 and \$205,000, respectively. Contributions were minimal and there were no special or extraordinary items.

## Blount/St. Clair 310 Board, Inc.

### Management's Discussion and Analysis (Unaudited)

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A summarized comparison of the Organization's revenues, expenses and changes in net position for the years ended September 30, 2020, 2019 and 2018, follows:

	2020	2019	2018
Operating revenues	\$ 302,790	\$ 193,380	\$ 261,694
Operating expenses	257,039	204,532	249,624
Operating income (loss)	45,751	(11,152)	12,070
Nonoperating revenues	548	158	301
Increase (decrease) in net position	46,299	(10,994)	12,371
Net position – beginning of year	332,660	343,654	331,283
Net position – end of year	<u>\$ 378,959</u>	<u>\$ 332,660</u>	<u>\$ 343,654</u>

Organization operating revenues for the year ended September 30, 2020, totaled \$302,790 compared to \$193,380 for the year ended September 30, 2019. This was an approximate \$109,000, or 57% increase in operating revenues. The increase in operating revenues is primarily due to more revenue received from the Department of Health and Human Services through the State of Alabama Medicaid Agency due to an increase in volume of services provided.

Organization operating revenues for the year ended September 30, 2019, totaled \$193,380 compared to \$261,694 for the year ended September 30, 2018. This was an approximate \$68,000, or 26% decrease in operating revenues. The decrease in operating revenues is primarily due to less revenue received from the Department of Health and Human Services through the State of Alabama Medicaid Agency due to a decrease in volume of services provided.

Total operating expenses increased approximately \$52,000, or 26% from approximately \$205,000 for the year ended September 30, 2019, to approximately \$257,000 for the year ended September 30, 2020. This increase is due primarily to the net increase in program salaries, benefits and payroll taxes of approximately \$52,000.

Total operating expenses increased approximately \$45,000, or 18% from approximately \$250,000 for the year ended September 30, 2018, to approximately \$205,000 for the year ended September 30, 2019. This decrease is due primarily to the net decrease in program salaries, benefits and payroll taxes of approximately \$45,000.

As a result of revenues over expenses, the Organization's total net position as of September 30, 2020, increased by \$46,299.

As a result of revenues under expenses, the Organization's total net position as of September 30, 2019, decreased by \$10,994.

### Capital Assets

As of September 30, 2020 and 2019, the Organization had \$31,070 in capital assets, net of accumulated depreciation of \$28,603 and \$27,863, respectively. The Organization's capital assets include equipment and furniture. For further detail related to capital assets, see the notes to the accompanying financial statements.

## **Blount/St. Clair 310 Board, Inc.**

### **Management's Discussion and Analysis (Unaudited)**

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#### **Known Facts, Conditions or Decisions**

Rate setting, which established a fee for services for providers, was fully funded as of April 1, 2006. The case management rate was set at \$47.52 per hour as of January 1, 2015, and then increased to \$63.36 per hour as of January 1, 2016. This organization no longer has any type of administrative funding and all administrative expenses must come from income generated through case management. To continue as a viable case management Organization, the Board of Directors has continued with the position to contract with only one organization in order to obtain the needed matching funds that will provide services to approximately 108 individuals. It continues to be the decision of the Board of Directors to assure quality in operation, while at the same time use every cost saving measure available in order to assure the future of the Organization and make a difference in the community.

#### **Contacting the Organization's Management**

This financial report is designed to provide our readers with a general overview of the Organization's finances, and to demonstrate the Organization's accountability for the money it receives. If readers have any questions about this report or need additional information, contact Kirsten Beauchamp, Executive Director, Blount/St. Clair 310 Board, Inc., 510 4<sup>th</sup> Avenue E, Oneonta, AL 35121, or you may e-mail to [kbeauchamp@bscid.org](mailto:kbeauchamp@bscid.org).

**Blount/St. Clair 310 Board, Inc.**

**Statements of Net Position  
September 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 398,707	\$ 307,989
Contracts receivable, net	21,240	25,698
Prepaid expenses	3,896	3,762
<b>Total current assets</b>	<b>423,843</b>	<b>337,449</b>
Noncurrent assets:		
Depreciable capital assets, net	2,467	3,207
<b>Total noncurrent assets</b>	<b>2,467</b>	<b>3,207</b>
<b>Total assets</b>	<b>426,310</b>	<b>340,656</b>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	944	944
Accrued compensation	5,524	4,475
Accrued compensated absences	5,996	2,577
Refundable advance - Paycheck Protection Program	34,887	-
<b>Total current liabilities</b>	<b>47,351</b>	<b>7,996</b>
Net position:		
Net investment in capital assets	2,467	3,207
Unrestricted	376,492	329,453
<b>Total net position</b>	<b>\$ 378,959</b>	<b>\$ 332,660</b>

The notes to the financial statements are an integral part of these financial statements.

**Blount/St. Clair 310 Board, Inc.**

**Statements of Revenues, Expenses and Changes in Net Position  
Years Ended September 30, 2020 and 2019**

	<b>2020</b>	2019
Operating revenues:		
Federal contract	\$ 221,397	\$ 138,690
State contract	<u>81,393</u>	<u>54,690</u>
<b>Total operating revenues</b>	<b>302,790</b>	193,380
Operating expenses:		
Program services	123,898	78,057
Supporting services	<u>133,141</u>	<u>126,475</u>
<b>Total operating expenses</b>	<b>257,039</b>	204,532
<b>Total operating income (loss)</b>	<b>45,751</b>	(11,152)
Nonoperating revenues:		
Interest income	157	158
Miscellaneous income	<u>391</u>	<u>-</u>
<b>Total nonoperating revenues</b>	<b>548</b>	158
<b>Increase (decrease) in net position</b>	<b>46,299</b>	(10,994)
Net position:		
Beginning of year	<u>332,660</u>	<u>343,654</u>
End of year	<u><b>\$ 378,959</b></u>	<u>\$ 332,660</u>

The notes to the financial statements are an integral part of these financial statements.

**Blount/St. Clair 310 Board, Inc.**

**Statements of Cash Flows**  
**Years Ended September 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Cash received from contracts	\$ 307,248	\$ 184,449
Payments to suppliers and others	(55,027)	(55,312)
Payments to employees	(157,701)	(139,014)
Payments for employee benefits and payroll taxes	(39,237)	(26,055)
<b>Net cash provided by (used in) operating activities</b>	<b>55,283</b>	<b>(35,932)</b>
Cash flows from capital and related financing activities:		
Purchases of capital assets	-	(3,700)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(3,700)</b>
Cash flows from non-capital and related financing activities:		
Refundable advance - Paycheck Protection Program	34,887	-
<b>Net cash provided by non-capital financing activities</b>	<b>34,887</b>	<b>-</b>
Cash flows from investing activities:		
Interest and miscellaneous income	548	158
<b>Net cash provided by investing activities</b>	<b>548</b>	<b>158</b>
<b>Net increase (decrease) in cash</b>	<b>90,718</b>	<b>(39,474)</b>
Cash:		
Beginning of year	307,989	347,463
End of year	<b>\$ 398,707</b>	<b>\$ 307,989</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 45,751	\$ (11,152)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	740	493
Changes in assets and liabilities:		
Contracts receivable	4,458	(8,931)
Prepaid expenses	(134)	(3,162)
Accrued compensation	1,049	(2,169)
Accrued compensated absences	3,419	(11,011)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 55,283</b>	<b>\$ (35,932)</b>

The notes to the financial statements are an integral part of these financial statements.

## Blount/St. Clair 310 Board, Inc.

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

The accompanying basic financial statements of Blount/St. Clair 310 Board, Inc. (the Organization) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the Organization's more significant accounting policies follows.

**Reporting entity:** The Organization, as formed under Alabama Act 310, 1967 (the Act), as amended, and incorporated in July 1993, operates under the guidelines of the Act, as well as the Administrative Code of Alabama for an organization formed under Act 310. The Organization was incorporated to do business by the governing bodies of Blount County, Oneonta, Blountsville, Hayden, Cleveland, Snead and Locust Fork. Each of these governmental entities appoints members to the Organization's Board of Directors for a total of no less than nine members for terms, as so stipulated by Bylaws of the Organization. The Organization's mission is to ensure that quality supports and services are available and accessible to people of Blount and St. Clair Counties, Alabama, with intellectual disabilities throughout their lifespan by providing habilitative services and individual case management through contracts with the Department of Mental Health (DMH).

GAAP requires that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards has been considered and as a result, the Organization has no component units. Additionally, the Organization is not a component unit of any other entity.

**Basis of presentation:** All activities of the Organization are accounted for within a single business-type activity and within a single proprietary (enterprise) fund. Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met (a) The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges, and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable solely from the revenues of the activity.); (b) Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges rather than with taxes or similar revenues; (c) The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement focus and basis of accounting:** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Organization is a special-purpose government engaged only in business-type activities as described in GAAP. The Organization's business-type activities are considered to be undertaken in a single enterprise fund. Enterprise activities are accounted for on the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Organization gives or (receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Cash:** The Organization's cash includes cash on hand and demand deposits. The Organization's deposits are covered by Federal Depository Insurance Corporation (FDIC) insurance or secured by collateral pledged to the State of Alabama. The Security for Alabama Funds Enhancement Program, or SAFE Program, became law January 1, 2001. The SAFE Program eliminates the need for an individual bank to collateralize deposits. Under the program, a bank designated by the State Treasurer as a qualified public depository will pledge securities to the State Treasurer for the SAFE collateral pool. This program is mandatory for all banks that hold public deposits. The financial institutions that held the Organization's deposits at September 30, 2020 and 2019, are qualified public depositories.

**Contracts receivable:** Accounts receivable from the DMH for services rendered and grant providers are reduced by the amount of such billings deemed by management to be ultimately uncollectible. At September 30, 2020 and 2019, the Organization estimated uncollectible receivables to be \$1,273.

**Capital assets:** Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are stated at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed when incurred. A capitalization threshold of \$500 is used. Furniture and equipment are depreciated using the straight-line method over an estimated useful life of five to ten years.

Depreciation expense was \$740 and \$493 for the years ended September 30, 2020 and 2019, respectively.

**Compensated absences:** Employees receive time off from work annually based upon their tenure at the Organization as follows:

<u>Years</u>	<u>Hours per Month</u>
0-2	8
2-5	10
5-7	12
8-10	14
10-13	16
13-15	18
15 or more	20

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

These days off are to be used for scheduled vacation and personal leave. The maximum carry over of paid time off is 1.5 times the annual accrual. Upon departure from employment with the Organization, the employee will be paid for all accumulated leave in their paid time off account if the employee gives a 30-day notice. The Organization accrues its liability for such accumulated unpaid benefits. All vacation pay is accrued when incurred in the proprietary fund financial statements.

**Net position:** The proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. The Organization first applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Net investment in capital assets:** This category is intended to reflect the portion of net position that is associated with non-liquid capital assets less outstanding capital asset related debt, if any.

**Restricted net position:** This category presents net position that is not available for appropriation or is restricted by external parties. There was no restricted net position as of September 30, 2020 and 2019.

**Unrestricted net position:** This category represents the net position of the Organization that is not restricted for any other purpose by third parties. While Organization management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

**Statements of cash flows:** For the purposes of presenting cash flows, the Organization considers all liquid investments purchased with an original maturity of three months or less to be cash equivalents. At September 30, 2020 and 2019, the Organization had no cash equivalents.

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

**Income taxes:** The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. The Organization was also granted exemption from filing Form 990; however, the Organization is subject to income tax for certain unrelated business activities, which generate taxable income. There was no income tax paid on such unrelated trade or business income for the years ended September 30, 2020 and 2019.

The Board of Directors evaluated the Organization's tax position and concluded that the Organization has not entered into any events or transactions that would disqualify its tax-exempt status or has not taken any uncertain tax positions that would cause the Organization to incur income taxes or penalties at the entity level. With few exceptions, the Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2017.

**Blount/St. Clair 310 Board, Inc.**

**Notes to Financial Statements**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Pending GASB standards:** GASB Statement No. 87, *Leases*, is effective for the Organization beginning with its year ending September 30, 2021. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**Subsequent events:** Subsequent events have been evaluated through January 5, 2021, which is the date the financial statements were available for issuance.

**Note 2. Concentrations**

The Organization receives contract revenue from two sources: The State of Alabama Medicaid Agency and the DMH.

**Note 3. Contracts Receivable**

Contracts receivable consist of the following at September 30:

	2020	2019
Contracts receivable – State of Alabama Medicaid Agency	\$ 22,513	\$ 26,971
Allowance for doubtful accounts	(1,273)	(1,273)
	<u>\$ 21,240</u>	<u>\$ 25,698</u>

**Note 4. Capital Assets**

Capital asset activity for the years ended September 30, 2020 and 2019, is as follows:

	2020			
	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Depreciable capital assets:				
Furniture and equipment	\$ 31,070	\$ -	\$ -	\$ 31,070
Accumulated depreciation:				
Furniture and equipment	27,863	740	-	28,603
Depreciable capital assets, net	<u>\$ 3,207</u>	<u>\$ (740)</u>	<u>\$ -</u>	<u>\$ 2,467</u>
	2019			
	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Depreciable capital assets:				
Furniture and equipment	\$ 36,612	\$ 3,700	\$ (9,242)	\$ 31,070
Accumulated depreciation:				
Furniture and equipment	36,612	493	(9,242)	27,863
Depreciable capital assets, net	<u>\$ -</u>	<u>\$ 3,207</u>	<u>\$ -</u>	<u>\$ 3,207</u>

**Blount/St. Clair 310 Board, Inc.**

**Notes to Financial Statements**

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**Note 5. Cash**

Cash as of September 30, 2020 and 2019, was deposited with financial institutions designated by the State of Alabama as qualified public depositories.

**Custodial credit risk**

**Deposits:** In the event of failure of a depository financial institution, the Organization will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2020 and 2019, all of the Organization's cash balances were adequately insured by FDIC or secured by collateral as defined by GASB.

**Concentration of credit risk:** The Organization does not have a formal investment policy with respect to credit risk, although the Organization does not accept credit risk by only investing in financial instruments insured by the FDIC.

**Note 6. Accounts Payable**

There were no accounts payable to organizations for contract services at September 30, 2020 and 2019. All accounts payable at September 30, 2020 and 2019, were payable to vendors.

**Note 7. Refundable Advance – Paycheck Protection Program**

On April 18, 2020, the Organization received loan proceeds in the amount of \$34,887 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 8 to 24 weeks (covered period) as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with deferral of payments for the first six months. The Organization used the proceeds for purposes consistent with the PPP. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, and therefore, has accounted for the loan proceeds as a conditional contribution and recognized as a refundable advance until the conditions for forgiveness has been substantially met or explicitly waived.

**Note 8. Lease Obligations**

The Organization leases office space for \$600 a month from a Board member's son-in-law and daughter under a month-to-month lease. The Organization also leases equipment under a non-cancelable lease that expires in August 2021. Minimum future rental payments under the non-cancelable operating lease as of September 30, 2020 are due in future years as follows:

2021	\$	1,298
	\$	<u>1,298</u>

Total rental expense for the years ended September 30, 2020 and 2019, was \$9,037 and \$8,829, respectively.

**Blount/St. Clair 310 Board, Inc.**

**Notes to Financial Statements**

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**Note 9. Commitments and Contingencies**

**Grant audit:** The Organization participates in grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Organization's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

**Note 10. Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance. Settlement amounts have not exceeded insurance coverage for year ended September 30, 2020, or the four prior years.

**Note 11. Uncertainties**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. On March 27, 2020, the CARES Act was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Organization.

**Blount/St. Clair 310 Board, Inc.**

**Schedule of Revenues**

**October 1, 2019 Through September 30, 2020**

	Federal Government	State Government	Other
Department of Health and Human Services contracts	\$ 221,397	\$ -	\$ -
State of Alabama Department of Mental Health contracts	-	81,393	-
Miscellaneous income			391
Interest income	-	-	157
<b>Total revenues</b>	<b>\$ 221,397</b>	<b>\$ 81,393</b>	<b>\$ 548</b>

**Blount/St. Clair 310 Board, Inc.**

**Schedule of Expenses  
October 1, 2019 Through September 30, 2020**

	Program Services	Supporting Services	Total Expenses
Salaries	\$ 90,663	\$ 68,087	\$ 158,750
Employee benefits	22,998	7,666	30,664
Payroll taxes	6,949	5,043	11,992
Travel	2,718	1,229	3,947
Depreciation	-	740	740
Equipment rental	-	1,837	1,837
Insurance – general	-	10,195	10,195
Maintenance	95	1,180	1,275
Meeting	-	477	477
Miscellaneous	155	1,648	1,803
Office rent	-	7,200	7,200
Office supplies	10	2,609	2,619
Professional fees	-	17,080	17,080
Telephone	310	4,934	5,244
Utilities	-	3,216	3,216
<b>Total expenses</b>	<b>\$ 123,898</b>	<b>\$ 133,141</b>	<b>\$ 257,039</b>

**Blount/St. Clair 310 Board, Inc.**

**Board of Directors**

**October 1, 2019 Through September 30, 2020**

<u>Name</u>	<u>Title</u>
Weslie Powell P.O. Box 34 Town Hall Road Locust Fork, AL 35097-0067 Telephone: (205) 681-4501 blountems@otelco.net	President
Faye Blackwood 201 Park Road Cleveland, AL 35049 Telephone: (205) 274-7913 fayeb@otelco.net	Secretary/Treasurer
Peggy Ellis 131 Mercedes Lane Cleveland, AL 35049-3461 Telephone: (205) 274-7430 pellis09@otelco.net	Director
Patsy Barwick 540 Dry Creek Road Cleveland, AL 35049 Telephone: (205) 274-9670 pbarwick@otelco.net	Director
Carolyn Jackson 851 Underwood Ave. Oneonta, AL 35121 Telephone: (205) 274-8309	Director
Paulette Speegle 84 Speegle Road Oneonta, AL 35121 Telephone: (205) 625-4742 pspeegle 1946@yahoo.com	Director
Nell Gibbs 206 Scenic Trail Oneonta, AL 35121 Telephone: (205) 482-6548 nett.gibbs2@gmail.com	Director
Jackie Yarbrough 11291 St. Andrews Parkway Oneonta, AL 35121 Telephone: (205) 690-1385 jyarbrough@byarswright.com	Director
Shiloh Swiney 9064 Wolf Creek R.D. So. Pell City, AL 35126	Director
Kirsten Beauchamp Blount County MRDD 510 Fourth Ave. E. Oneonta, AL 35121 Telephone: (205) 625-3201 kirstenbeauchamp30@gmail.com	Executive Director

**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***

**Independent Auditor's Report**

To the Board of Directors  
Blount/St. Clair 310 Board, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Blount/St. Clair 310 Board, Inc. (the Organization) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated January 5, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Haley & Woods, LLP*

Birmingham, Alabama  
January 5, 2021



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**Independent Auditor's Report on Compliance  
With Alabama Department of Mental Health Contract**

To the Board of Directors  
Blount/St. Clair 310 Board, Inc.

We have audited the contract/grant/agreement number G20-3336-38H5 between the Alabama Department of Mental Health (DMH) and Blount/St. Clair 310 Board, Inc. as of and for the year ended September 30, 2020.

Compliance with DMH contracts/grants/agreements, Provider Agreement and all applicable laws, rules and regulations applicable to Blount/St. Clair 310 Board, Inc. is the responsibility of Blount/St. Clair 310 Board, Inc.'s management. As part of obtaining reasonable assurance about whether the contract/grant/agreement, Provider Agreement and all applicable laws, rules and regulations were complied with, we performed certain tests of transactions and made other determinations as outlined in each requirement of Section 12, *Audit for Compliance with the Contract* of the DMH Audit Guidelines. Revenues and expenditures were analyzed to determine if they were in compliance with applicable terms and conditions of the contract/grant/agreement. Funds claimed as match for federal programs were audited to determine if they were allowable and adequate to match the federal funds received.

The results of our tests disclosed no material instances of noncompliance with the DMH contract/grant/agreement and all applicable laws and regulations.

This report is intended for the information of management and DMH. However, this report is a matter of public record and its distribution is not limited.

*Haley & Woods, LLP*

Birmingham, Alabama  
January 5, 2021