

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Financial Statements

September 30, 2021 and 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Autauga-Elmore Mental Retardation Board, Inc.  
Millbrook, Alabama

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Autauga-Elmore Mental Retardation Board, Inc. (a nonprofit organization), which comprise the statements of net position as of September 30, 2021 and 2020, and the related statements of revenues, expenses and change in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### ***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.

### ***Auditors' 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 auditors' 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 Autauga-Elmore Mental Retardation Board, Inc. as of September 30, 2021 and 2020, and the changes in its net 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 Additional Information*

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### *Additional Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The additional information included on pages 19 - 20 are presented for purposes of additional analysis and are not a required part of the basis financial statements.

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

The officers and board of directors and subcontractor officers and board of directors have not been subjected to the auditing procedures applied in the audit of the basis financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

BMSS, LLC

Gadsden, Alabama  
March 22, 2022

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Statements of Net Position  
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 731,530	\$ 788,713
Contracts receivables	1,124,650	564,937
Note receivable	8,938	8,938
Prepaid expenses	20,577	3,905
	<hr/>	<hr/>
Total current assets	1,885,695	1,366,493
Noncurrent assets		
Property and equipment, net	201,320	208,898
Note receivable	4,468	13,406
	<hr/>	<hr/>
Total noncurrent assets	205,788	222,304
	<hr/>	<hr/>
Total Assets	\$ 2,091,483	\$ 1,588,797
	<hr/>	<hr/>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities		
Accounts payable	\$ 4,874	\$ 13,975
Providers payable	337,324	298,704
Accrued payroll and related taxes	28,356	36,918
Liability for compensated absences	83,130	78,428
	<hr/>	<hr/>
Total current liabilities	453,684	428,025
Net position		
Net investment in capital assets	201,320	208,898
Unrestricted	1,436,479	951,874
	<hr/>	<hr/>
Total net position	1,637,799	1,160,772
	<hr/>	<hr/>
Total Liabilities and Net Position	\$ 2,091,483	\$ 1,588,797
	<hr/>	<hr/>

See notes to financial statements.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**  
 Statements of Revenue, Expenses, and Changes in Net Position  
 For the Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Operating Revenue</b>		
Contracts with governmental agencies	\$ 5,282,182	\$ 5,638,515
Grant income	106,553	10,000
	<hr/>	<hr/>
	5,388,735	5,648,515
<b>Operating Expenses</b>		
Day habilitation	506,688	757,755
Personal care	643,518	725,282
Residential habilitation	3,196,868	3,193,820
Case management	182,545	329,044
Special medical	12,695	11,718
Companion services	-	29,768
Management and general	548,093	522,202
	<hr/>	<hr/>
	5,090,407	5,569,589
	<hr/>	<hr/>
	298,328	78,926
<b>Other Revenue (Expenses)</b>		
Interest income	594	854
PPP loan forgiveness	174,000	-
Other income	4,105	440
Loss on disposal	-	(19,337)
	<hr/>	<hr/>
	178,699	(18,043)
	<hr/>	<hr/>
Change in net position	477,027	60,883
Net position at beginning of year	1,160,772	1,099,889
	<hr/>	<hr/>
Net position at end of year	<u>\$ 1,637,799</u>	<u>\$ 1,160,772</u>

See notes to financial statements.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Statements of Cash Flows

For the Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Cash receipts from contracts	\$ 4,837,960	\$ 5,548,206
Cash payments to suppliers for goods and services	(4,127,989)	(4,545,799)
Cash payments to employees for services	(945,853)	(1,032,515)
	<hr/>	<hr/>
Net cash used in operating activities	(235,882)	(30,108)
<b>Cash Flows from Non-Capital Financing Activities</b>		
Cash receipts from miscellaneous non-operating activities	4,105	440
	<hr/>	<hr/>
Net cash provided by non-capital financing activities	4,105	440
<b>Cash Flows from Capital Financing Activities</b>		
Additions to capital assets	-	(51,500)
PPP loan proceeds	174,000	-
	<hr/>	<hr/>
Net cash used in capital financing activities	174,000	(51,500)
<b>Cash Flows from Investing Activities</b>		
Interest received	594	854
	<hr/>	<hr/>
Net cash provided by investing activities	594	854
Net decrease in cash	(57,183)	(80,314)
Cash - beginning of year	788,713	869,027
	<hr/>	<hr/>
Cash - end of year	\$ 731,530	\$ 788,713
	<hr/>	<hr/>

See notes to financial statements.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Statements of Cash Flows

For the Years ended September 30, 2021 and 2020

(Continued)

	<b>2021</b>	<b>2020</b>
<b>Reconciliation of Operating Income to Net Cash Provided by</b>		
<b>Operating Activities:</b>		
Operating profit	\$ 298,328	\$ 78,926
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	7,578	7,522
Change in operating assets and liabilities		
Contract receivables	(559,713)	(108,502)
Other receivables	8,938	8,193
Prepaid expenses	(16,672)	(819)
Accounts payable	(9,101)	(9,590)
Provider payables	38,620	(26,938)
Accrued payroll and related liabilities	(8,562)	13,809
Liability for compensated absences	4,702	7,291
	\$ (235,882)	\$ (30,108)
Net cash used in operating activities		
Supplemental schedule of noncash investing and financing activities		
PPP loan forgiveness	\$ 174,000	\$ -

See notes to financial statements.

## AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.

Notes to Financial Statements

September 30, 2021 and 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

The Autauga-Elmore Mental Retardation Board, Inc. (the Board) is a non-profit public corporation formed under Title 22, Chapter 51 of the Code of Alabama of 1975 for the purpose of enhancing the lives of mentally retarded persons living in Autauga and Elmore Counties by providing habilitative services and individual case management through contracts with the Alabama Department of Mental Health.

#### Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency's governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. There are no component units which should be included as part of the financial reporting entity of the Board.

#### Measurement Focus, Basis of Accounting, and Basis of Presentation

Professional standards for external financial reporting for all state and local governmental entities require the following financial statements be presented: a statement of net position (balance sheet), a statement of revenues and expenses and change in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. The classifications are defined as follows:

- *Net Investment in Capital Assets* – consists of capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase in balance of deferred outflows of resources related to those assets.
- *Restricted* – net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Board's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- *Unrestricted Net Position* – consists of all other net position that does not meet the above two components and is available for general use by the Board.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements

September 30, 2021 and 2020

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Measurement Focus, Basis of Accounting, and Basis of Presentation - Continued**

All activities of the Board are accounted for within a proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination or revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or the economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Cash and Cash Equivalents**

For purposes of cash flows, the Board considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Contract Income, Receivables, and Economic Dependency**

The Board contracts with the Alabama Department of Mental Health (DMH) to provide services in Autauga and Elmore Counties. The Board receives payments from DMH on a monthly basis and significantly depends on these funds for its operations. The Board records revenue as services are provided under this contract. Receivables related to this contract are considered fully collectible; therefore, no allowance for doubtful accounts is maintained. If an amount is determined to be uncollectible, due to ineligibility, etc., DMH reduces a future payment when that determination is made.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements

September 30, 2021 and 2020

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Property and Equipment**

Property and equipment are reported in the financial statements at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building and Renovations	40 years
Equipment	3-10 years
Automobiles	5 years

**Compensated Absences**

The Board accrues a liability for paid time off in accordance with applicable accounting standards. The Board maintains written policies in regard to compensated absences.

**Contributed Services**

When material, the value of contributed services meeting the requirements for recognition in the financial statements are recorded in the financial statements as revenues and an expense. Additionally, many individuals volunteer their time and perform tasks such as serving on the Board of Directors, which are not recorded in the financial statements. No amounts for contributed services have been recorded in the financial statements.

**Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. The principal operating revenues of the Board are services provided to consumers under contracts with governmental agencies. Operating expenses include the costs to provide these services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements

September 30, 2021 and 2020

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Functional Expense Allocation**

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Expenses are directly charged to the program activities other than those that benefit multiple functions. The financial statements report certain categories of expense that are attributable to one or more program or supporting services of the Board.

**Income Tax**

The Board is a public corporation organized under Chapter 51 of Title 22, Code of Alabama, 1975. It is an instrumentality of Autauga County and of a number of municipalities within the county who organized it. The Board is exempt with regards to income tax under section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(10)(A)(vi).

Professional standards provide guidance on recognition, measurement, and disclosure of an uncertain tax position taken or expected to be taken by the Board. The Board has not and does not expect to take a position that would require recognition of an asset or liability in the statement of net position as of September 30, 2021 and 2020. As a result, there has been no adjustment to the Board's financial statements as of September 30, 2021 and 2020, for any uncertain tax position.

**Revenue Recognition**

As part of the adoption of the Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, the Board elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Board used the known transaction price for completed contracts, (iii) the Board excluded disclosures of transaction prices allocated to remaining performance obligations when the Board expects to recognize such revenue for all periods prior to the day of initial application of the ASU; and (iv) the Board reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

Substantially all of the Board's revenue is recognized at a point in time. For this reason, there is not a significant impact as a result of electing these transition practical expedients.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements

September 30, 2021 and 2020

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Revenue Recognition - Continued**

Performance Obligations

Revenue from performance obligations can be satisfied at a point in time or satisfied over time. The Board considers most performance obligations to be satisfied at a point in time as care is provided. The Board's services for day habilitation, personal care, case management, special medical, and companion care have a single performance obligation as the promise to provide the respective service is separately identifiable from other promises in the obligation and, therefore distinct. The performance obligation on revenue that is earned on residential habilitation contracts is considered to be earned over time. These contracts are on a monthly or annual basis and the Board must satisfy its obligation over that period to earn the revenue. There typically are not significant modifications to the contracts or changes in the performance obligation for the Board.

Variable Consideration

The transaction price for contracts may include variable consideration, which includes contractual adjustments to transaction prices based on set contract amounts with the Alabama Department of Mental Health. The Board determines the transaction price based on the standards charges for services provided set by its contracts with the Alabama Department of Mental Health.

**NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS**

The Board's deposits at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. As of September 30, 2021 and 2020, the bank balance of the Board's deposits totaled \$766,744 and \$893,950 respectively.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements  
September 30, 2021 and 2020  
(Continued)

**NOTE 3 - NOTE RECEIVABLE**

On January 1, 2018, the Board executed a note receivable with one of their providers. The receivable is due to the Board in monthly payments of \$744.84, interest free. The receivable has a maturity date of March 1, 2023. The notes receivable balances at September 30, consists of the following:

	<b>2021</b>	<b>2020</b>
Notes receivable	\$ 13,406	\$ 22,344
Less: current portion	(8,938)	(8,938)
	\$ 4,468	\$ 13,406

The maturity of the note receivable is as follows:

2022	\$ 8,938
2023	4,468
	\$ 13,406

**NOTE 4 - PROPERTY AND EQUIPMENT**

The following is a summary of changes in capital assets for the year ended September 30, 2021:

	<b>2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>2021</b>
Property and Equipment				
Land	\$ 65,177	\$ -	\$ -	\$ 65,177
Building	140,952	-	-	140,952
Renovations	103,600	-	-	103,600
Equipment	34,290	-	(33,516)	774
	344,019	-	(33,516)	310,503
Less: Accumulated Depreciation:				
Building	36,089	4,811	-	40,900
Renovations	34,831	2,034	-	36,865
Equipment	64,201	733	(33,516)	31,418
	135,121	7,578	(33,516)	109,183
Property and Equipment, net	\$ 208,898	\$ (7,578)	\$ -	\$ 201,320

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements  
September 30, 2021 and 2020  
(Continued)

**NOTE 4 - PROPERTY AND EQUIPMENT - Continued**

The following is a summary of capital assets for the year ended September 30, 2020:

	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>2020</u>
Property and Equipment				
Land	\$ 65,177	\$ -	\$ -	\$ 65,177
Building	89,452	51,500	-	140,952
Renovations	129,820	-	(26,220)	103,600
Equipment	34,290	-	-	34,290
	<u>318,739</u>	<u>51,500</u>	<u>(26,220)</u>	<u>344,019</u>
Less: Accumulated Depreciation:				
Building	32,351	3,738	-	36,089
Renovations	39,134	2,580	(6,883)	34,831
Equipment	62,997	1,204	-	64,201
	<u>134,482</u>	<u>7,522</u>	<u>(6,883)</u>	<u>135,121</u>
Property and Equipment, net	<u>\$ 184,257</u>	<u>\$ 43,978</u>	<u>\$ (19,337)</u>	<u>\$ 208,898</u>

**NOTE 5 - ECONOMIC INJURY DISASTER LOAN EMERGENCY ADVANCE**

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington, DC, and territories were eligible to apply for an Economic Injury Disaster Loan Advance (EIDL) of up to \$10,000. This advance provided economic relief to businesses that experienced a temporary loss of revenue. The Board received \$10,000 in EIDL advance funds in July 2020.

**NOTE 6 - PROVIDER RELIEF FUND**

On October 1, 2020, HHS announced Phase 3 of the Provider Relief Fund. Providers who previously received, rejected, or accepted a general distribution payment or providers that have already received payments of approximately 2% of annual revenue from patient care may submit more information to become eligible for an additional payment, based on changes in operating revenues and additional operating expenses caused by COVID-19. In October 2020, the Board applied for the additional funds and in November 2020, the Board received additional Provider Relief Fund payments totaling \$106,553. The amount is reflected as grant income for the year ended September 30, 2021.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements

September 30, 2021 and 2020

(Continued)

**NOTE 7 - PAYCHECK PROTECTION PROGRAM**

On March 29, 2021, the Board was granted a loan from River Bank & Trust in the aggregate amount of \$174,000, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures on March 29, 2023, and bears interest at a rate of 1% per annum, payable monthly commencing on October 29, 2021. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Board received forgiveness on September 21, 2021, and moved the amount received under PPP to other income as of September 30, 2021.

**NOTE 8 - RETIREMENT PLAN**

The Board sponsors a defined contribution retirement plan for the benefit of its employees. All employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year are eligible to participate. The Board pays an amount equal to an eligible employee's salary reduction contributions up to a limit of 3% of the eligible employee's gross annual income. New employees are eligible to participate immediately upon employment. During the years ended September 30, 2021 and 2020, the Board's contributions to its employees' retirement plan totaled \$3,181 and \$7,196, respectively.

**NOTE 9 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**NOTE 10 - UNCERTAINTIES**

The novel strain of coronavirus, COVID-19, emerged in the United States in early 2020. The extent of the impact of COVID-19 on the Board's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Board's financial condition or results of operations in the near term is uncertain.

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Notes to Financial Statements

September 30, 2021 and 2020

(Continued)

**NOTE 11 - CONTINGENCIES**

According to the U.S. Department of Health and Human Services (HHS), the general and targeted Provider Relief Fund payments are subject to legal terms and conditions. Noncompliance with these terms and conditions is grounds for the recoupment of some or all of the payments by HHS. Recipients of payments from the Provider Relief Fund will be required to submit documentation to HHS demonstrating that these payments were used for health care-related expenses or lost revenue attributable to COVID-19, and HHS has stated that it will perform significant anti-fraud and auditing work. HHS has also stated that to avoid recoupment, recipients must be able to demonstrate that total payments from the Provider Relief Fund do not exceed their lost revenues and increased expenses attributable to COVID-19 that have not or will not be reimbursed from other sources. The Board believes that it is in compliance with all applicable legal terms and conditions and is not aware of any instances that may be grounds for the recoupment of some or all of the payments by HHS.

**NOTE 12 - SUBSEQUENT EVENTS**

In preparing the financial statements, management has evaluated subsequent events through March 22, 2022, the date the financial statements were available to be issued.

## **ADDITIONAL INFORMATION**

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**  
 Schedule of Revenues  
 For the Year Ended September 30, 2021

	<b>Federal</b>	<b>State</b>	<b>Other</b>	<b>Total</b>
Contracts with governmental agencies	\$ -	\$ 5,282,182	\$ -	\$ 5,282,182
Grant income	106,553	-	-	106,553
Interest income	-	-	594	594
PPP loan forgiveness	-	-	174,000	174,000
Other	-	-	4,105	4,105
	<u>\$ 106,553</u>	<u>\$ 5,282,182</u>	<u>\$ 178,699</u>	<u>\$ 5,567,434</u>

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Schedule of Expenses

For the Year Ending September 30, 2021

	Program Services					Management and General	Total
	Day Habilitation	Personal Care	Residential	Case Management	Special Medical		
Salaries	\$ -	\$ 445,832	\$ 85,361	\$ 130,562	\$ -	\$ 89,621	\$ 751,376
Payroll taxes	-	35,768	7,032	11,126	-	6,097	60,023
Employee benefits	-	84,330	9,475	28,738	-	8,051	130,594
Total payroll and related costs	-	565,930	101,868	170,426	-	103,769	941,993
Provider payments	506,688	50,231	3,042,692	-	11,209	-	3,610,820
Administrative contract service	-	-	-	-	-	269,869	269,869
Audit	-	-	-	-	-	12,000	12,000
Contract labor	-	-	475	-	-	-	475
Depreciation	-	-	-	-	-	7,578	7,578
Dues	-	-	-	-	-	2,833	2,833
Insurance	-	-	-	-	-	40,266	40,266
Lease expense	-	-	-	-	-	1,267	1,267
Miscellaneous	-	3,483	-	-	-	9,768	13,251
Professional services	-	-	-	-	-	11,000	11,000
Recruiting and training	-	-	-	-	-	28,276	28,276
Repairs and maintenance	-	-	-	510	-	8,394	8,904
Resident expenses	-	-	34,911	-	-	-	34,911
Staff travel	-	12,854	2,963	1,029	-	7,694	24,540
Supplies	-	8,923	7	1,755	1,486	19,634	31,805
Telephone	-	2,097	13,952	8,825	-	12,297	37,171
Utilities	-	-	-	-	-	13,448	13,448
	-	27,357	52,308	12,119	1,486	444,324	537,594
Total expenses	\$ 506,688	\$ 643,518	\$ 3,196,868	\$ 182,545	\$ 12,695	\$ 548,093	\$ 5,090,407

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Board of Directors and Officers  
For the Year Ending September 30, 2021

**Officers**

Steve Welch, Executive Director

**Board Members**

Cindy Merijanian, President  
Richard Yon, Treasurer  
Nancy Cooper, Secretary  
Susan Pinson, Board Member  
Sara McDaniel, Board Member  
Nancy Jones, Board Member

**Subcontractor Officers and Board of Directors**

**The ARC of Eastern Elmore County**

Steve Welch, Executive Director  
Wade Smith, Board Member  
Marth Ward, Board Member  
Edna Dorminey, Board Member  
Margie Flomer, Board Member

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

To the Board of Directors  
Autauga-Elmore Mental Retardation Board, Inc.  
Millbrook, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Autauga-Elmore Mental Retardation Board, Inc. (the Board), which comprise the statement of net position as of September 30, 2021 and 2019, and the related statements of revenues, expenses, and change in net position, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated March 22, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the Board'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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

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 and therefore, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control described in the accompanying Schedule of Findings and Responses as 2021-1 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board'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 that are required to be reported under *Government Auditing Standards*.

## **The Board's Response to Findings**

The Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

**BMSS, LLC**

Gadsden, Alabama  
March 22, 2022

**AUTAUGA-ELMORE MENTAL RETARDATION BOARD, INC.**

Schedule of Findings and Responses

Year ended September 30, 2021

**Deficiencies in Internal Control**

2021-1

**Condition:** The Board has a limited number of employees that does not allow for adequate segregation of duties to provide the Board with an internal control system that can be relied upon.

**Criteria:** Internal controls should be in place to mitigate the lack of segregation of duties.

**Cause and effect:** Limited administrative personnel contribute to the lack of proper segregation of duties, which increases the risk that erroneous or inappropriate actions by Board personnel might go undetected.

**Recommendation:** In light of the noted deficiency, we recommend the Board implement mitigating controls to assist it in overcoming this deficiency. These would include the requirement of dual signatures on checks, board review of financial information at its regular board meetings, rotating of duties among administrative personnel, etc.

**Views of responsible officials and planned corrective actions:**

The Board and management agree with this deficiency in internal controls. Currently duties are segregated as much as reasonably possible and the Board has implemented a dual signature requirement and it reviews financial information at its regular board meetings.

**REPORT ON COMPLIANCE WITH DEPARTMENT  
OF MENTAL HEALTH CONTRACTS**

To the Board of Directors  
Autauga-Elmore Mental Retardation Board, Inc.  
Millbrook, Alabama

We have audited contract/grant/agreement number G1337154H4 between the Department of Mental Health (DMH) and Autauga-Elmore Mental Retardation Board, Inc. as of and for the year ended September 30, 2021.

Compliance with the DMH contracts/grants/agreements, and all laws, rules and regulations applicable to Autauga-Elmore Mental Retardation Board, Inc. is the responsibility of Autauga-Elmore Mental Retardation Board, Inc.'s management. As part of obtaining reasonable assurance about whether the contract/grant/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*. Revenue and expenditures were analyzed to determine if they were in compliance with applicable terms and conditions of the contract/grant/agreement. Funds claimed as a match for federal programs were audited to determine if they were allowable and adequate to match 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.

**BMSS, LLC**

Gadsden, Alabama  
March 22, 2022