

Grant contract between the Metropolitan Government of Nashville and Davidson County and Mental Health Cooperative, Contract # _____

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
AND
MENTAL HEALTH COOPERATIVE, INC**

This Grant Contract issued and entered into pursuant to Resolution RS2023-_____ by and between the Metropolitan Government of Nashville and Davidson County ("Metro"), and Mental Health Cooperative, Inc, ("Recipient"), is for the provision of emergency psychiatric care, including crisis stabilization, respite care and treatment, as further defined in the "SCOPE OF PROGRAM" and detailed in this Grant Contract. Attachments A through F incorporated herein by reference.

A. SCOPE OF PROGRAM:

A.1. The Recipient will serve as a viable and expedient source of emergency psychiatric care, including crisis treatment, crisis stabilization and respite care. These funds will be used to operate the 24/7 Mental Health Crisis Treatment Center ("MHCTC") mental health urgent care alternative to the emergency room or jail. The Recipient will host a secure drop-off entrance for transfers involving law enforcement or other first responder departments operating in Davidson County.

These funds will be used to achieve the following outcomes:

- MHCTC will maintain a monthly average of 90 individuals referred by MNPD who require psychiatric emergency care.
- MHCTC will assume the responsibility of a minimum of 225 walk-in individuals for psychiatric emergency care per month.
- MHCTC will assume the responsibility of a minimum of 170 individuals for crisis stabilization and respite care per month.
- MHCTC will maintain an average drop-off time for MNPD of 10 minutes or less.
- MHCTC will partner with Metro officials to enhance access to psychiatric emergency care.

A.2. The Recipient must spend grant funds consistent with the Grant Spending Plan, attached and incorporated herein as **Attachment A**. The Recipient must collect data to evaluate the effectiveness of their services and must provide those results to Metro upon request.

A.3. The Recipient must comply with all monthly reporting requirements. Recipient must submit monthly reports that contain the following:

- Demographic profile of consumer population to include: age, gender, race and ethnicity, primary language spoken (where applicable), county of origin, coverage (insured/uninsured) and type or diagnosis of mental health condition/addiction status and acuity
- Number and percentage of individuals by police-initiated crisis calls, walk-ins to the MHCTC, 6404 commitments or referred to additional outpatient or other social service.
- Number and percentage of individuals receiving discharge specialist services
- Number and percentage of consumers diverted from inpatient psychiatric care
- Percentage of contacts by case disposition: CTC, referral, 6404 commitments
- Percentage of uninsured
- Percentage increase/decrease in CTC engagement
- Percentage increase/decrease in referral to other services (eg. outpatient and/or social supports)
- On a periodic basis, MHCTC shall provide individualized information for the purpose of conducting a cost benefit analysis of care.
- Other data as requested.

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- A.4. The Recipient will only utilize these grant funds for services the Recipient provides to residents and/or visitors of Davidson County through the Recipient's crisis psychiatric services program in Davidson County.
- A.5. Recipient and its employees must perform their duties under this Grant contract fairly and impartially. Recipient and its employees shall not give reasonable basis by their conduct the impression that any person can improperly influence, or unduly enjoy their favor in, the performance of their duties under this Grant contract, or that they are unduly affected by the kinship, rank, position or influence of any person.
- A.6. Recipient and all personnel associated with providing Emergency Mental Healthcare Services for this Grant Contract must not engage in conduct that violates state, federal, or local laws or any conduct which would affect the ability of Recipient to effectively provide services under this Grant Contract.

B. GRANT CONTRACT TERM:

- B.1. **Grant Contract Term.** The term of this Grant will commence on the date filed with the Metropolitan Clerk after receiving all required Metro approvals and ending on June 30, 2024. Metro will have no obligation for services rendered by the Recipient that are not performed within this term, although it is understood that Recipient has provided services prior to the commencement of the term of this agreement and will be allowed to submit invoices and be paid for services rendered beginning July 1, 2023.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. **Maximum Liability.** In no event will Metro's maximum liability under this Grant Contract exceed Two Million Five Hundred Eight Thousand Four Hundred dollars (\$2,508,400). The Grant Spending Plan will constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Spending Plan line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

Subject to modification and amendments as provided in section D.2 of this agreement, this amount will constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

- C.2. **Payment Methodology.** The Recipient will only be compensated for actual costs based upon the Grant Spending Plan, not to exceed the maximum liability established in Section C.1

Recipient may invoice for an upfront payment of Two Hundred Thousand dollars (\$200,000) upon approval of the Grant Contract.

Upon progress toward the completion of the work, as described in Section A of this Grant Contract, the Recipient shall submit invoices and any supporting documentation as requested by Metro to demonstrate that the funds are used as required by this Grant, prior to any payment for allowable costs. Such invoices shall be submitted no more often than monthly and indicate at a minimum the amount charged by Spending Plan line-item for the period invoiced, the amount charged by line-item to date, the total amount charged for the period invoiced, and the total amount charged under this Grant Contract to date.

Recipient must send all invoices to Metro Public Health Department, Anidolee.Melville-Chester@nashville.gov.

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Final invoices for the contract period should be received by July 15, 2024. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.3. **Annual Expenditure Report.** The Recipient must submit a final grant Annual Expenditure Report, to be received by Metro Public Health Department, within forty-five (45) days of the end of the Grant Contract. Said report must be in form and substance acceptable to Metro and must be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.4. **Payment of Invoice.** The payment of any invoice by Metro will not prejudice Metro's right to object to the invoice or any other related matter. Any payment by Metro will neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.5. **Unallowable Costs.** The Recipient's invoice may be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs. Any unallowable cost discovered after payment of the final invoice shall be returned by the Recipient to Metro within fifteen (15) days of notice.
- C.6. **Deductions.** Metro reserves the right to adjust any amounts which are or become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or become due and payable to Metro by the Recipient under this or any Contract.
- C.7. **Travel Compensation.** Payment to the Recipient for travel, meals, or lodging is subject to amounts and limitations specified in Metro's Travel Regulations and subject to the Grant Spending Plan.
- C.8. **Electronic Payment.** Metro requires as a condition of this contract that the Recipient have on file with Metro a completed and signed "ACH Form for Electronic Payment". If Recipient has not previously submitted the form to Metro or if Recipient's information has changed, Recipient will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- D. **STANDARD TERMS AND CONDITIONS:**
 - D.1. **Required Approvals.** Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant and approved by the Metropolitan Council.
 - D.2. **Modification and Amendment.** This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
 - D.3. **Termination for Cause.** Metro shall have the right to terminate this Grant Contract immediately if Metro determines that Recipient, its employees or principals have engaged in conduct or violated any federal, state or local laws which affect the ability of Recipient to effectively provide services under this Grant Contract. Should the Recipient fail to properly perform its obligations under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro will have the right to immediately terminate the Grant Contract and the Recipient must return to Metro any and all grant monies for services or programs under the grant not performed as of the termination date. The Recipient must also return to Metro any and all funds expended for purposes contrary to the terms of the Grant Contract. Such termination will not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.

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- D.4. **Termination - Notice.** Metro may terminate the Grant Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by Metro. Metro shall give the Recipient at least thirty (30) days written notice before effective termination date.
- (a) The Recipient shall be entitled to receive compensation for satisfactory, authorized service completed as of the effective termination date, but in no event shall Metro be liable to the Recipient for compensation for any service that has not been rendered.
- (b) Upon such termination, the Recipient shall have no right to any actual general, special, incidental, consequential or any other damages whatsoever of any description or amount.
- D.5. **Termination - Funding.** The Grant Contract is subject to the appropriation and availability of local, State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, Metro shall have the right to terminate the Grant Contract immediately upon written notice to the Recipient. Upon receipt of the written notice, the Recipient shall cease all work associated with the Grant Contract on or before the effective termination date specified in the written notice. Should such an event occur, the Recipient shall be entitled to compensation for all satisfactory and authorized services completed as of the effective termination date. The Recipient shall be responsible for repayment of any funds already received in excess of satisfactory and authorized services completed as of the effective termination date.
- D.6. **Subcontracting.** The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subGrantee, the Recipient will be considered the prime Recipient and will be responsible for all work performed.
- D.7. **Conflicts of Interest.** The Recipient warrants that no part of the total Grant Amount will be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.
- D.8. **Nondiscrimination.** The Recipient hereby agrees, warrants, and assures that no person will be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient must, upon request, show proof of such nondiscrimination and must post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.9. **Records.** The Recipient must maintain documentation for all charges to Metro under this Grant Contract. The books, records, and documents of the Recipient, insofar as they relate to work performed or money received under this Grant Contract, must be maintained for a period of three (3) full years from the date of the final payment or until the Recipient engages a licensed independent public accountant to perform an audit of its activities. The books, records, and documents of the Recipient insofar as they relate to work performed or money received under this Grant Contract are subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records must be maintained in accordance with the standards outlined in the Metro Non-profit Grants Manual. The financial statements must be prepared in accordance with generally accepted accounting principles.
- D.10. **Monitoring.** The Recipient's activities conducted and records maintained pursuant to this Grant Contract are subject to monitoring and evaluation by The Metropolitan Office of Financial Accountability or Metro's duly appointed representatives. The Recipient must make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for

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review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

- D.11. **Reporting.** The Recipient must submit a Final Program Report, to be received by Metro Public Health Department, within forty-five (45) days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract.
- D.12. **Strict Performance.** Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement is not a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract is considered to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.
- D.13. **Insurance.** The Recipient agrees to carry adequate public liability and other appropriate forms of insurance, and to pay all applicable taxes incident to this Grant Contract.
- D.14. **Metro Liability.** Metro will have no liability except as specifically provided in this Grant Contract.
- D.15. **Independent Contractor.** Nothing herein will in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient must not hold itself out in a manner contrary to the terms of this paragraph. Metro will not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D.16. **Indemnification and Hold Harmless.**
- (a) Recipient agrees to indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent Grantees, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent Grantees, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
 - (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
 - (c) Recipient will pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
 - (d) Recipient's duties under this section will survive the termination or expiration of the grant.
- D.17. **Force Majeure.** "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the party. Except as provided in this Section, any failure or delay by a party in the performance of its obligations under this Grant Contract arising from a Force Majeure Event is not a breach under this Grant Contract. The non-performing party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the party continues to use diligent, good faith efforts to resume performance without delay. Recipient will promptly notify Metro within forty-eight (48) hours of any delay caused by a Force Majeure Event and will describe in reasonable detail the nature of the Force Majeure Event.

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- D.18. **Iran Divestment Act.** In accordance with the Iran Divestment Act, Tennessee Code Annotated § 12-12-101 et seq., Recipient certifies that to the best of its knowledge and belief, neither Recipient nor any of its subcontractors are on the list created pursuant to Tennessee Code Annotated § 12-12-106. Misrepresentation may result in civil and criminal sanctions, including contract termination, debarment, or suspension from being a contractor or subcontractor under Metro contracts.
- D.19. **State, Local and Federal Compliance.** The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract. Metro shall have the right to terminate this Grant Contract at any time for failure of Recipient to comply with applicable federal, state or local laws in connection with the performance of services under this Grant Contract.
- D.20. **Governing Law and Venue.** The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof will be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract will be in the courts of Davidson County, Tennessee.
- D.21. **Completeness.** This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.22. **Headings.** Section headings are for reference purposes only and will not be construed as part of this Grant Contract.
- D.23. **Severability.** In the event any provision of this Agreement is rendered invalid or unenforceable, said provision(s) hereof will be immediately void and may be renegotiated for the sole purpose of rectifying the error. The remainder of the provisions of this Agreement not in question shall remain in full force and effect.
- D.24. **Metro Interest in Equipment.** The Recipient will take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Grant Contract, subject to Metro's equitable interest therein, to the extent of its *pro rata* share, based upon Metro's contribution to the purchase price. "Equipment" is defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds Five Thousand dollars (\$5,000).

The Recipient agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Grant Contract. Upon termination of the Grant Contract, where a further contractual relationship is not entered into, or at any time during the term of the Grant Contract, the Recipient must request written approval from Metro for any proposed disposition of equipment purchased with Grant funds. All equipment must be disposed of in such a manner as parties may agree as appropriate and in accordance with any applicable federal, state or local laws or regulations.

- D.25. **Assignment—Consent Required.** The provisions of this contract will inure to the benefit of and will be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder may be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer will not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.

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- D.26. **Gratuities and Kickbacks.** It will be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It will be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subGrantee under a contract to the prime Grantee or higher tier subGrantee or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.27. **Communications and Contacts.** All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract must be in writing and must be made by email transmission, or by first class mail, addressed to the respective party at the appropriate email or physical address as set forth below or to such other party, email, or address as may be hereafter specified by written notice.

Metro

For contract-related matters:
Holly.Rice@nashville.gov
2500 Charlotte Avenue
Nashville, TN 37209
(615) 340-8900

For inquiries regarding invoices:
Nancy.Uribe@nashville.gov
2500 Charlotte Avenue
Nashville, TN 37209
(615) 340-5634

Recipient

Executive Director
Mental Health Cooperative
275 Cumberland Bend
Nashville, TN 37228

- D.28. **Lobbying.** The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

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- c. The Recipient will require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

D.29. Certification Regarding Debarment and Convictions.

- a. Recipient certifies that Recipient, and its current and future principals:
 - i. are not presently debarred, suspended, or proposed for debarment from participation in any federal or state grant program;
 - ii. have not within a three (3) year period preceding this Grant Contract been convicted of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) grant;
 - iii. have not within a three (3) year period preceding this Grant Contract been convicted of embezzlement, obstruction of justice, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and
 - iv. are not presently indicted or otherwise criminally charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in Sections D.29(a)(ii) and D.29(a)(iii) of this certification.
- b. Recipient shall provide immediate written notice to Metro if at any time Recipient learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals fall under any of the prohibitions of Section D.29(a).

D.30. Effective Date. This contract will not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract will be effective as of the date first written above.

D.31. Health Insurance Portability and Accountability Act. Metro and Recipient shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its accompanying regulations.

- a. Recipient warrants that it is familiar with the requirements of HIPAA and its accompanying regulations and will comply with all applicable HIPAA requirements in the course of this Agreement.
- b. Recipient warrants that it will cooperate with Metro, including cooperation and coordination with Metro privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of this Agreement so that both parties will be in compliance with HIPAA.
- c. Recipient agrees to sign documents, including but not limited to Business Associate agreements, as required by HIPAA and that are reasonably necessary to keep Metro and Recipient in compliance with HIPAA. This provision shall not apply if information received by the Recipient from Metro under this Agreement is not "protected health information" as defined by HIPAA, or if HIPAA permits Recipient and Metro to receive such information without entering into a Business Associate agreement or signing another such document.

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Recipient: Mental Health Cooperative

By: Pam Womack

Title: CEO

Sworn to and subscribed to before me, a Notary Public this 19
day of October, 2023, by Pam Womack, the
CEO of Contractor and duly authorized to execute
this instrument on Contractor's behalf.

Notary Public: Jenny Hawkins

My Commission Expires: January 6, 2025



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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DocuSigned by:
Gill C Wright III, MD 10/23/2023
0480AC21E1CC408...
Director, Metro Public Health Department Date

DocuSigned by:
Tené Hamilton Franklin 10/24/2023
BEBF0BBF14D14B0...
Chair, Board of Health Date

APPROVED AS TO AVAILABILITY OF FUNDS:

DocuSigned by: ^{DS} Kevin Crumbo/mjw ^{DS} BB AP 11/3/2023
62377A2A8742489...
Director, Department of Finance Date

APPROVED AS TO RISK AND INSURANCE:

DocuSigned by:
Balogun Cobb 11/3/2023
68804BF12FD741C...
Director of Risk Management Services Date

APPROVED AS TO FORM AND LEGALITY:

Matthew Garth 1/12/2024
Metropolitan Attorney Date

FILED:

Metropolitan Clerk Date

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Table of Contents of Attachments:

- A. Grant Spending Plan
- B. Business Associate Agreement
- C. Internal Revenue Service 509 (a)(1) Tax-Exempt Organization Letter
- D. Non-Profit Charter and Tennessee Secretary of State Non-Profit Confirmation
- E. Independent Audit completed by Certified Public Accountant
- F. Non-Profit Grants Manual Receipt Acknowledgement

ATTACHMENT A**GRANT BUDGET**

(BUDGET PAGE 1)

Mental Health Cooperative				
APPLICABLE PERIOD: The grant budget line-item amounts below shall be applicable only to expense incurred during the period beginning July 1, 2023, and ending June 30, 2024.				
Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY¹ (detail schedule(s) attached as applicable)	GRANT CONTRACT	GRANTEE MATCH³	TOTAL PROJECT
1	Salaries ²	\$1,840,400.00	\$0.00	\$1,840,400.00
2	Benefits & Taxes	\$439,964.00	\$0.00	\$439,964.00
4, 15	Professional Fee/ Grant & Award ²	\$0.00	\$0.00	\$0.00
5	Supplies	\$0.00	\$0.00	\$0.00
6	Telephone	\$0.00	\$0.00	\$0.00
7	Postage & Shipping	\$0.00	\$0.00	\$0.00
8	Occupancy	\$0.00	\$0.00	\$0.00
9	Equipment Rental & Maintenance	\$0.00	\$0.00	\$0.00
10	Printing & Publications	\$0.00	\$0.00	\$0.00
11, 12	Travel/ Conferences & Meetings ²	\$0.00	\$0.00	\$0.00
13	Interest ²	\$0.00	\$0.00	\$0.00
14	Insurance	\$0.00	\$0.00	\$0.00
16	Specific Assistance To Individuals ²	\$0.00	\$0.00	\$0.00
17	Depreciation ²	\$0.00	\$0.00	\$0.00
18	Other Non-Personnel ²	\$0.00	\$0.00	\$0.00
20	Capital Purchase ²	\$0.00	\$0.00	\$0.00
22	Indirect Cost (0% of S&B)	\$228,036.00	\$0.00	\$228,036.00
24	In-Kind Expense	\$0.00	\$0.00	\$0.00
25	GRAND TOTAL	\$2,508,400.00	\$0.00	\$2,508,400.00

¹ Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A.* (posted on the Internet at: <https://www.tn.gov/assets/entities/finance/attachments/policy3.pdf>).

² Applicable detail follows this page if line-item is funded.

³ A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the "Grant Contract" column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.

ATTACHMENT A (continued)**GRANT BUDGET LINE-ITEM DETAIL****(BUDGET PAGE 2)**

SALARIES					AMOUNT
Name	Title	Salary	x Percentage of Time	+	
Armentrout, Lewis C.	RN EPS	\$ 84,951	x 100%	+	\$ 84,950.69
Arnold, Todd	Technician Mental Health	\$ 47,801	x 100%	+	\$ 47,800.85
Blythe, Sadie K.	RN EPS	\$ 82,042	x 100%	+	\$ 82,041.60
COLE, SAMANTHA	Technician Mental Health	\$ 47,938	x 100%	+	\$ 47,938.44
Douglas, Michael	Technician Mental Health	\$ 46,661	x 100%	+	\$ 46,660.80
Hill, Daysha	PRN Tech Mental Health	\$ 7,000	x 100%	+	\$ 7,000.00
HOLMES, ELIZABETH H.	Admin Assistant EPS	\$ 42,547	x 100%	+	\$ 42,547.05
Hughes, Quenitra L.	PRN Tech Mental Health	\$ 7,500	x 100%	+	\$ 7,500.00
Jarvie, Laura	LPN EPS	\$ 70,248	x 100%	+	\$ 70,248.00
MCCARROLL, HEATHER A.	PRN Registered Nurse EPS	\$ 5,000	x 100%	+	\$ 5,000.00
McCray, Tiffany	RN EPS	\$ 86,798	x 100%	+	\$ 86,798.35
MIKEL, SUZANNE B.	RN EPS	\$ 95,683	x 100%	+	\$ 95,682.86
Payne, Shelby	Prgm Mngr Treatment EPS	\$ 70,172	x 100%	+	\$ 70,171.92
Perry, Jerall O.	Technician Mental Health	\$ 49,137	x 100%	+	\$ 49,137.46
Polk, Marvell L.	Technician Mental Health	\$ 52,774	x 100%	+	\$ 52,773.82
Ramos III, Ernesto	Technician Mental Health	\$ 48,626	x 100%	+	\$ 48,626.40
RAUSCH, NOELLE P.	RN EPS	\$ 97,766	x 100%	+	\$ 97,766.40
Sweat, Keshonna	Technician Mental Health	\$ 48,626	x 100%	+	\$ 48,626.40
Williams, Margaret	RN EPS	\$ 86,012	x 100%	+	\$ 86,012.11
HLAVATI, ADRIENNE H.	VP EPS	\$ 217,865	x 24%	+	\$ 52,287.60
Ivens, Rissa P.	Psychiatrist	\$288,953.00	x 15%	+	\$ 43,342.95
Lawless, CARLY F.	RN EPS	\$79,092.00	x 100%		\$ 79,092.00
Long, Sasha	LPN EPS	\$58,082.00	x 100%		\$ 58,082.00
Ochieng, Risper A.	RN EPS	\$76,752.00	x 100%		\$ 76,752.00
Schultz, Samantha A.	RN EPS	\$70,995.00	x 100%		\$ 70,995.00
Tidwell, Nicholas	RN EPS	\$75,562.00	x 100%		\$ 75,562.00
WALKER, ERIC A.	LPN EPS	\$69,095.00	x 100%		\$ 69,095.00
Jackson, Diana M.	RN EPS	\$73,873.00	x 100%		\$ 73,873.00
Jensen, Darren E.	RN EPS	\$76,943.00	x 100%	+	\$ 76,943.00
NICHOLSON, DOROTHY	LPN EPS	\$59,003.00	x 100%	+	\$ 59,003.00
Cockrill, DARCY D.	Adv Practice Nurse EPS	\$155,840.14	x 18%	+	\$ 28,051.23
ROUNDED TOTAL					\$ 1,840,400.00

BUSINESS ASSOCIATE AGREEMENT

This agreement is initiated by and between **THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (METRO)**, a metropolitan form government organized and existing under the laws and constitution of the State of Tennessee ("**Metro**" or "**Covered entity**") and **Mental Health Cooperative, Inc** ("**Business Associate**").

SECTION 1 – DEFINITIONS

- a. **Business Associate.** "Business Associate" shall generally have the same meaning as the term "Business Associate" in 45 CFR § 160.103, and in reference to the party to this agreement, shall mean **Mental Health Cooperative, Inc.**
- b. **Covered Entity.** "Covered Entity" shall generally have the same meaning as the term "covered entity" at 45 CFR § 160.103, and in reference to the party to this agreement, shall mean **Metro**, which must fall under one of the following categories:
 - (1) A health plan.
 - (2) A health care clearinghouse.
 - (3) A health care provider who transmits any health information in electronic form in connection with a transaction covered by this subchapter.
- c. **Disclosure.** "Disclosure" means the release, transfer, provision of access to, or divulging in any manner of information outside the entity holding the information.
- d. **Electronic Media.** "Electronic Media" shall have the same meaning as set forth in 45 CFR § 160.103.
- e. **Employer.** "Employer" is defined as it is in 26 U.S.C. § 3401(d).
- f. **Genetic Information.** "Genetic Information" shall have the same meaning as set forth in 45 CFR § 160.103.
- g. **HITECH Standards.** "HITECH Standards" means the privacy, security and security Breach notification provisions under the Health Information Technology for Economic and Clinical Health (HITECH) Act, Final Rule of 2013, and any regulations promulgated thereunder.

- h. **Individual.** "Individual" shall have the same meaning as set forth in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).
- i. **Person.** "Person" means a natural person, trust or estate, partnership, corporation, professional association or corporation, or other entity, public or private.
- j. **Privacy Rule.** "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
- k. **Protected Health Information.** "Protected Health Information" or "PHI":
 - (1) Shall have the same meaning as set forth in 45 CFR § 160.103.
 - (2) Includes, as set forth in 45 CFR § 160.103, any information, *now also including genetic information*, whether oral or recorded in any form or medium, that:
 - (i) Is created or received by a health care provider, health plan, public health authority, employer, life insurer, school or university, or health care clearinghouse; and
 - (ii) Relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual.
- l. **Required By Law.** "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR § 164.103.
- m. **Secretary.** "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.
- n. **Security Rule.** "Security Rule" shall mean the Standards for Security of Individually Identifiable Health Information at 45 CFR part 160 and subparts A and C of part 164.
- o. **Subcontractor.** "Subcontractor" means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate.

- p. **Transaction.** “Transaction” shall have the same meaning as set forth in 45 CFR § 160.103.
- q. **Catch-all definition.** Terms used but not otherwise defined in this Agreement shall have the same meaning as the meaning ascribed to those terms in the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology Act of 2009, as incorporated in the American Recovery and Reinvestment Act of 2009 (“HITECH Act”), implementing regulations at 45 Code of Federal regulations Parts 160-164 and any other current and future regulations promulgated under HIPAA or the HITECH Act.

SECTION 2 - OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

- a. **Permitted Uses of Protected Health Information.** Business Associate shall not use or disclose Protected Health Information other than as permitted or required by this Agreement or as Required by Law. Business Associate may: 1) use and disclose PHI to perform its obligations under its contract with Metro; (2) use PHI for the proper management and administration of Business Associate; and (3) disclose PHI for the proper management and administration of Business Associate, if such disclosure is required by law or such disclosure is authorized by Metro.
- b. **Safeguards.** Business Associate shall use appropriate administrative, physical and technical safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement. Business Associate shall develop and implement policies and procedures that comply with the Privacy Rule, Security Rule, and the HITECH Act. The Business Associate must obtain satisfactory assurances that any subcontractor(s) will appropriately safeguard PHI.
- c. **Mitigation.** Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- d. **Notice of Use or Disclosure, Security Incident or Breach.** Business Associate shall notify Metro of any use or disclosure of PHI by Business Associate not permitted by this Agreement, any Security Incident (as defined in 45 C.F.R. section 164.304) involving Electronic PHI, and any Breach of Protected Health Information within five (5) business days.

- (i) Business Associate shall provide the following information to Metro within ten (10) business days of discovery of a Breach except when despite all reasonable efforts by Business Associate to obtain the information required, circumstances beyond the control of the Business Associate necessitate additional time. Under such circumstances, Business Associate shall provide to Metro the following information as soon as possible and without unreasonable delay, but in no event later than thirty (30) calendar days from the date of discovery of a Breach:
 - (1) The date of the Breach;
 - (2) The date of the discovery of the Breach;
 - (3) A description of the types of PHI that were involved;
 - (4) identification of each individual whose PHI has been, or is reasonably believed to have been, accessed, acquired, or disclosed; and
 - (5) Any other details necessary to complete an assessment of the risk of harm to the Individual.
- (ii) Business Associate shall cooperate with Metro in investigating the breach and in meeting Metro's notification obligations under the HITECH Act and any other security breach notification laws.
- (iii) Business Associate agrees to pay actual costs for notification after a determination that the Breach is significant enough to warrant such measures.
- (iv) Business Associate agrees to establish procedures to investigate the Breach, mitigate losses, and protect against any future Breaches, and to provide a description of these procedures and the specific findings of the investigation to Metro in the time and manner reasonably requested by Metro.
- (v) Business Associate shall report to Metro any successful: (1) unauthorized access, use, disclosure, modification, or destruction of Electronic Protected Health Information; and (2) interference with Business Associate's information systems operations, of which Business Associate becomes aware.

- e. **Compliance of Agents.** Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Metro, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- f. **Access.** Business Associate agrees to provide access, at the request of Metro, and in the time and manner designated by Metro, to Protected Health Information in a Designated Record Set, to Metro or, as directed by Metro, to an Individual, so that Metro may meet its access obligations under 45 CFR § 164.524, HIPAA and the HITECH Act.
- g. **Amendments.** Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that Metro directs or agrees at the request of Metro or an Individual, and in the time and manner designated by Metro, so that Metro may meet its amendment obligations under 45 CFR § 164.526, HIPAA and the HITECH Act.
- h. **Disclosure of Practices, Books, and Records.** Business Associate shall make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Metro available to Metro, or at the request of Metro to the Secretary, in a time and manner designated by Metro or the Secretary, for purposes of determining Metro's compliance with the HIPAA Privacy Regulations.
- i. **Accounting.** Business Associate shall provide documentation regarding any disclosures by Business Associate that would have to be included in an accounting of disclosures to an Individual under 45 CFR § 164.528 (including without limitation a disclosure permitted under 45 CFR § 164.512) and under the HITECH Act. Business Associate shall make the disclosure Information available to Metro within thirty (30) days of Metro's request for such disclosure Information to comply with an individual's request for disclosure accounting. If Business Associate is contacted directly by an individual based on information provided to the individual by Metro and as required by HIPAA, the HITECH Act or any accompanying regulations, Business Associate shall make such disclosure Information available directly to the individual.
- j. **Security of Electronic Protected Health Information.** Business Associate agrees to: (1) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of Metro; (2) ensure that any agent, including a subcontractor, to whom it provides such information agrees to implement reasonable and appropriate safeguards to protect it; and (3) report to Metro any security incident of which it becomes aware.

- k. **Minimum Necessary.** Business Associate agrees to limit its uses and disclosures of, and requests for, PHI: (a) when practical, to the information making up a Limited Data Set; and (b) in all other cases subject to the requirements of 45 CFR 164.502(b), to the minimum amount of PHI necessary to accomplish the intended purpose of the use, disclosure or request.
- l. **Compliance with HITECH Standards.** Business Associate shall comply with the HITECH Standards as specified by law.
- m. **Compliance with Electronic Transactions and Code Set Standards:** If Business Associate conducts any Standard Transaction for, or on behalf, of Metro, Business Associate shall comply, and shall require any subcontractor or agent conducting such Standard Transaction to comply, with each applicable requirement of Title 45, Part 162 of the Code of Federal Regulations. Business Associate shall not enter into, or permit its subcontractor or agents to enter into, any Agreement in connection with the conduct of Standard Transactions for or on behalf of Metro that:
 - (i) Changes the definition, Health Information condition, or use of a Health Information element or segment in a Standard;
 - (ii) Adds any Health Information elements or segments to the maximum defined Health Information Set;
 - (iii) Uses any code or Health Information elements that are either marked “not used” in the Standard’s Implementation Specification(s) or are not in the Standard’s Implementation Specifications(s); or
 - (iv) Changes the meaning or intent of the Standard’s Implementations Specification(s).
- n. **Indemnity.** Business Associate shall indemnify and hold harmless Metro, its officers, agents and employees from and against any claim, cause of action, liability, damage, cost or expense, including attorneys’ fees, arising out of or in connection with any non-permitted use or disclosure of Protected Health Information or other breach of this Agreement by Business Associate or any subcontractor or agent of the Business Associate.

SECTION 3 - OBLIGATIONS OF METRO

- a. Metro shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate’s use or disclosure of Protected Health Information.

- b. Metro shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Metro has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

SECTION 4 – TERM, TERMINATION AND RETURN OF PHI

- a. **Term.** The Term of this Agreement shall be effective when file in the office of the Metropolitan Clerk and shall terminate when all of the Protected Health Information provided by Metro to Business Associate, or created or received by Business Associate on behalf of Metro, is destroyed or returned to Metro, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this section. The maximum length of the effective term of the contract is sixty (60) months from the effective date.
- b. **Termination for Cause.** Upon Metro's knowledge of a material breach by Business Associate, Metro shall provide an opportunity for Business Associate to cure the breach or end the violation. Metro may terminate this Agreement between Metro and Business Associate if Business Associate does not cure the breach or end the violation within fourteen (14) days. In addition, Metro may immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not feasible.
- c. **Obligations on Termination.**
 - (i) Except as provided in subsection (ii), upon termination of this Agreement, for any reason, Business Associate shall return or destroy as determined by Metro, all Protected Health Information received from Metro, or created or received by Business Associate on behalf of Metro. This provision shall apply to Protected Health Information that is in the possession of subcontractor or agents of the Business Associate. Business Associate shall retain no copies of the Protected Health Information. Business Associate shall complete such return or destruction as promptly as possible, but no later than sixty (60) days following the termination or other conclusion of this Agreement. Within such sixty (60) day period, Business Associate shall certify on oath in writing to Metro that such return or destruction has been completed.

- (ii) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Metro notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information. If Metro does not agree that return or destruction of Protected Health Information is infeasible, subparagraph (i) shall apply. Business Associate shall complete these obligations as promptly as possible, but no later than sixty (60) days following the termination or other conclusion of this Agreement.

Section 5 – Miscellaneous

- a. **Regulatory References.** A reference in this Agreement to a section in HIPAA or the HITECH Act means the section as in effect or as amended, and for which compliance is required.
- b. **Amendment.** The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Metro to comply with the requirements of HIPAA or the HITECH Act and any applicable regulations in regard to such laws.
- c. **Survival.** The respective rights and obligations of Business Associate shall survive the termination of this Agreement.
- d. **Interpretation.** Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Metro to comply with HIPAA or the HITECH Act or any applicable regulations in regard to such laws.
- e. **Governing Law.** The validity, construction, and effect of this Agreement and any and all extensions and/or modifications thereof shall be governed by the laws of the State of Tennessee. Tennessee law shall govern regardless of any language in any attachment or other document that Business Associate may provide.
- f. **Venue.** Any action between the parties arising from this Agreement shall be maintained in the courts of Davidson County, Tennessee.

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
C - 1130
ATLANTA, GA 30301

DEPARTMENT OF THE TREASURY

Date: JAN 8 1993

MENTAL HEALTH COOPERATIVE INC
C/O WILLIAM H NEELY
424 CHURCH STREET SUITE 2800
NASHVILLE, TN 37219

Employer Identification Number:
58-2018687 ←
Contact Person:
ARIEANE H. BARRS
Contact Telephone Number:
(404) 331-0930
Accounting Period Endings:
June 30
Foundation Status Classifications:
509(a)(1)
Advance Ruling Period Begins:
August 21, 1992
Advance Ruling Period Ends:
June 30, 1997
Addendum Applies:
Yes

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

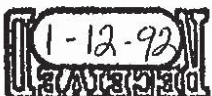
Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we



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MENTAL HEALTH COOPERATIVE INC.

will no longer treat you as a publicly supported organization; grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social securities taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

Contributions to you are deductible by donors beginning August 21, 1992.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If you are required to file a return you must file it by the 15th day of

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MENTAL HEALTH COOPERATIVE INC

the fifth month after the end of your annual accounting period. We charge a penalty of \$10 a day when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty we charge cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. We may also charge this penalty if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

If you distribute funds to individuals, you should keep case histories showing the recipients' names, addresses, purposes of awards, manner of selection, and relationship (if any) to members, officers, trustees or donors of funds to you, so that you can substantiate upon request by the Internal Revenue Service any and all distributions you made to individuals. (Revenue Ruling 56-304, C.B. 1956-2, page 306.)

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

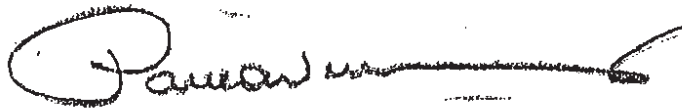
Letter 1045(DO/CG)

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MENTAL HEALTH COOPERATIVE INC

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Paul Williams", with a long horizontal flourish extending to the right.

Paul Williams
District Director

Enclosure(s) :
Addendum
Form 872-C

Secretary of State**Corporations Section****James K. Polk Building, Suite 1800****Nashville, Tennessee 37243-0306**ISSUANCE DATE: 08/19/1998
REQUEST NUMBER: 98231008CHARTER/QUALIFICATION DATE: 08/21/1992
STATUS: ACTIVE
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0256586
JURISDICTION: TENNESSEETO:
ROLAND BURCH
275 CUMBERLAND BEND

NASHVILLE, TN 37228REQUESTED BY:
ROLAND BURCH
275 CUMBERLAND BEND

NASHVILLE, TN 37228I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"MENTAL HEALTH COOPERATIVE, INC."-----
WAS INCORPORATED OR QUALIFIED TO DO BUSINESS IN THE STATE OF TENNESSEE ON THE
ABOVE DATE, AND THAT THE ATTACHED DOCUMENT(S) WAS/WERE FILED IN OFFICE ON THE
DATE(S) AS BELOW INDICATED:

REFERENCE NUMBER	DATE FILED	FILING TYPE	FILING ACTION
2531-0103	08/21/1992	CHART-NONPROFIT	NAM DUR STK PRN OFC AGT INC MAL FYC

FOR: REQUEST FOR COPIES

ON DATE: 08/19/98

FROM:
ROLAND BURCH
275 CUMBERLAND BEND

NASHVILLE, TN 37228-0000

FEES	
RECEIVED:	\$40.00 \$0.00
TOTAL PAYMENT RECEIVED:	\$40.00

RECEIPT NUMBER: 00002352699
ACCOUNT NUMBER: 00292646

RILEY C. DARNELL
SECRETARY OF STATE

13 11 15 3

STATE OF TENNESSEE

NOV 21 4 3 11

CHARTER

OF

MENTAL HEALTH COOPERATIVE, INC.

The undersigned, having capacity to contract and acting as the incorporator of a corporation under the Tennessee Nonprofit Corporation Act, as amended, adopts the following charter for such corporation:

1. The name of the corporation is Mental Health Cooperative, Inc.

2. The corporation is a public benefit corporation.

3. The corporation is not a religious corporation.

4. The street address and zip code of the corporation's initial registered office is 1 NationsBank Plaza, M-2, Nashville, Tennessee 37239, c/o Michael D. McKay; the county in which such office is located is Davidson. The name of its initial registered agent at the office shall be Michael D. McKay.

5. The name and address of the incorporator of the corporation is:

Michael D. McKay
1 NationsBank Plaza
M-2
Nashville, Tennessee 37239

6. The street address and zip code of the principal office of the corporation is 1 NationsBank Plaza, M-2, Nashville, Tennessee 37239.

7. The corporation is not for profit.

8. The corporation shall not have members.

9. The purpose or purposes for which the corporation is organized are:

(a) to provide individuals in Davidson County, Tennessee with immediate access to the highest quality mental health services appropriate to their specific needs by engaging in the following activities:

(i) implementing service programs, including but not limited to assessment/clinical evaluation, mobile crisis response, emergency psychiatric services, outreach

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STATE OF TEXAS

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services and case management, in the community which will benefit individuals with mental health needs;

(ii) establishing a computerized data base to increase accountability, efficiency, and reporting capabilities;

(iii) administering the authorization/certification process that determines consumer eligibility for publicly-funded services and level of care;

(iv) interfacing with mental health consumers and family members to respond, in a proactive manner, to community mental health needs by improving the quality of existing mental health services and/or the planning and development of new mental health services;

(v) monitoring and improving the cost-effectiveness of mental health services;

(vi) advocating for the rights of individuals with mental health needs and for those individuals, programs, and agencies which serve these needs; and

(vii) assuming on-going responsibility and accountability for each individual enrolled in the publicly-funded case management system.

(b) exclusively charitable, educational and/or scientific within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor provision to such section).

10. The corporation shall neither have nor exercise any power nor shall it engage directly or indirectly in any activity that would invalidate its status (1) As a corporation which is exempt from Federal income taxation as an organization described in Section 501(c)(3) of the Code (or any successor provision to such section), or (2) as a corporation to which contributions are deductible under Section 170, 2055 and 2512 of the Code (or any successor provisions to such sections).

11. No part of the net earnings of the corporation shall inure to the benefit of or be distributed to its directors, officers, or other private individuals, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 9 hereof.

12. No substantial part of the activities of the corporation shall consist of attempts to influence legislation by propaganda or otherwise; nor shall it in any manner or to any extent participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or

ARTICLE 13

in opposition to any candidate for public office, nor shall the corporation engage in any activities that are unlawful under applicable Federal, state, or local laws.

13. Upon the dissolution of the corporation, the board of directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, distribute all assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, or scientific purposes as shall at the time qualify as an organization or organizations described in Section 501(c)(3) of the Code (or any successor provision to such Section), or to the federal government or a state or local government, as the board of directors shall determine.

14. A director of the corporation shall not be liable to the corporation for monetary damages for breach of fiduciary duty as a director; provided, however, that this provision does not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (iii) for a distribution that is unlawful. If Tennessee law is amended or modified to authorize corporate action eliminating or further limiting the personal liability of directors, then the liability of a director of the corporation shall thereupon be eliminated or limited, without the necessity of further amendment of this Charter, to the fullest extent permitted by Tennessee law. Any repeal or modification of the provisions of this Article 14 shall not adversely affect any right of protection of a director of the corporation existing at the time of such repeal or modification.

Dated this 19th day of August, 1992.


Michael D. McKay, Incorporator

Details

✕

MENTAL HEALTH COOPERATIVE, INC.

275 CUMBERLAND BEND DRIVE NASHVILLE TN
37228

Mr. DAVID WILSON
(615) 743-1405

www.mhc-tn.org

Status: Active

CO Number: CO4173

Registration Date: 02/23/2001

Renewal Date: 12/31/2023

Purpose

To provide individuals, living at or below the poverty level, with immediate access to mental health services through community-based care management and outreach services, mobile crisis response/emergency psychiatric services, psychotherapy, psychiatric clinic, primary care and clinical evaluation. MHC delivers these services through an integrated care approach that focuses on both the behavioral health needs and the physical health needs of the individual. MHC serves adults with severe mental illness and children with serious emotional challenges with locations across Middle and East TN.

Financials (25) ▼

Officers (5) ▼

Charity Events (0) ▼



Secretary of State Tre Hargett

Tre Hargett was elected by the Tennessee General Assembly to serve as Tennessee's 37th secretary of state in 2009 and re-elected in 2013, 2017, and 2021. Secretary Hargett is the chief executive officer of the Department of State with oversight of more than 300 employees. He also serves on 16 boards and commissions, on two of which he is the presiding member. The services and oversight found in the Secretary of State's office reach every department and agency in state government.



About the Office

The Tennessee Secretary of State has oversight of the Department of State. The Secretary of State is one of three Constitutional Officers elected by the General Assembly, in joint session. The Secretary of State is elected to a four-year term. The constitution mandates that it is the secretary's duty to keep a register of the official acts and proceedings of the governor, and, when required, to "lay same, all papers, minutes and vouchers relative thereto, before the General Assembly."



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: **MENTAL HEALTH COOPERATIVE, INC.**

General Information

SOS Control #	000256586	Formation Locale: TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed: 08/21/1992
	08/21/1992 9:11 AM	Fiscal Year Close 6
Status:	Active	
Duration Term:	Perpetual	
Public/Mutual Benefit:	Public	

Registered Agent Address

PEGGY E HOFFMAN
275 CUMBERLAND BND
NASHVILLE, TN 37228-1805

Principal Address

PEGGY HOFFMAN
275 CUMBERLAND BND
NASHVILLE, TN 37228-1805

The following document(s) was/were filed in this office on the date(s) indicated below:

<u>Date Filed</u>	<u>Filing Description</u>	<u>Image #</u>
08/03/2022	2022 Annual Report	B1258-0715
07/20/2021	2021 Annual Report	B1066-8636
07/07/2020	2020 Annual Report	B0888-4059
12/09/2019	2019 Annual Report	B0787-6272
	Principal Address 3 Changed From: No value To: PEGGY HOFFMAN	
12/01/2019	Notice of Determination	B0786-1295
07/23/2018	2018 Annual Report	B0574-1268
10/02/2017	2017 Annual Report	B0447-1676
07/21/2016	2016 Annual Report	B0277-0895
06/12/2015	2015 Annual Report	B0112-5226
06/11/2014	2014 Annual Report	A0250-1853
07/15/2013	2013 Annual Report	7223-0077
09/05/2012	2012 Annual Report	A0143-3017
	Principal Address 1 Changed From: 275 CUMBERLAND BEND To: 275 CUMBERLAND BND	
	Principal Postal Code Changed From: 37228 To: 37228-1805	
10/06/2011	2011 Annual Report	6945-2224
05/06/2011	Assumed Name	6889-1340
7/19/2023 10:18:44 AM		

Filing Information

Name: **MENTAL HEALTH COOPERATIVE, INC.**

New Assumed Name Changed From: No Value To: Collaborative Care

09/08/2010	2010 Annual Report	6767-1589
07/15/2009	2009 Annual Report	6568-2864
07/11/2008	2008 Annual Report	6346-1488
06/18/2007	2007 Annual Report	6075-0110
12/28/2006	2006 Annual Report	5906-2363
12/01/2006	Notice of Determination	ROLL 5893
06/17/2005	2005 Annual Report	5486-0895
06/10/2004	2004 Annual Report	5157-0640
06/20/2003	2003 Annual Report	4844-0797
07/25/2002	2002 Annual Report	4560-3655
07/20/2001	2001 Annual Report	4254-1608
07/10/2000	2000 Annual Report	3947-0474
08/05/1999	Application for Reinstatement	3723-1263
08/05/1999	Administrative Amendment	3726-0095
04/19/1999	Registered Agent Change (by Entity)	3673-1245
Registered Agent Physical Address Changed		
Registered Agent Changed		
03/19/1999	Dissolution/Revocation - Administrative	ROLL 3651
12/18/1998	Notice of Determination	ROLL 3598
03/11/1994	CMS Annual Report Update	2808-0047
Principal Address Changed		
Fiscal Year Close Changed		
02/18/1994	Notice of Determination	ROLL 2797
08/21/1992	Initial Filing	2531-0103

Active Assumed Names (if any)

Date

Expires

**MENTAL HEALTH COOPERATIVE, INC.
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2022 and 2021

And Reports of Independent Auditor

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
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Report of Independent Auditor

To the Board of Directors
Mental Health Cooperative, Inc. and affiliates
Nashville, Tennessee

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mental Health Cooperative, Inc. and Affiliates (a nonprofit organization) (“MHC”), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MHC as of June 30, 2022 and 2021, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of MHC to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MHC’s ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MHC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MHC's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 22 through 25 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 on our consideration of MHC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MHC'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 MHC's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Nashville, Tennessee
November 28, 2022

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10,422,662	\$ 16,611,897
Investments	64,846,622	59,017,811
Accounts receivable, net	12,995,324	13,759,493
Prepaid expenses and other	633,081	476,472
Inventory	567,812	538,916
Funds held for consumers	2,287,537	2,068,448
Total Current Assets	91,753,038	92,473,037
Property and Equipment:		
Land	3,944,086	3,944,086
Buildings, improvements, and housing	16,458,790	16,199,414
Office equipment	7,082,552	6,764,251
Leasehold improvements	4,993,177	4,609,267
Furniture and fixtures	778,808	740,331
Construction in progress	285,507	162,295
	33,542,920	32,419,644
Less accumulated depreciation	(12,555,937)	(10,544,134)
Property and Equipment, Net	20,986,983	21,875,510
Other Assets:		
Other assets, net	202,553	211,010
Interest rate swap	604,520	-
Total Other Assets	807,073	211,010
Total Assets	\$ 113,547,094	\$ 114,559,557
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 818,220	\$ 2,421,374
Accrued payroll and related costs	6,662,748	5,025,176
Deferred revenue	-	7,230,530
Current portion of note payable, net of debt issuance costs	198,931	192,931
Funds held for consumers	2,287,537	2,068,448
Total Current Liabilities	9,967,436	16,938,459
Long-Term Liabilities:		
Note payable, net of debt issuance costs	8,557,362	8,756,292
Total Liabilities	18,524,798	25,694,751
Net Assets:		
Without donor restrictions - controlling interest	92,405,736	86,193,854
Without donor restrictions - noncontrolling interest	(79,307)	(24,915)
Total Net Assets Without Donor Restrictions	92,326,429	86,168,939
Net assets with donor restrictions - controlling interest	2,695,867	2,695,867
Total Net Assets	95,022,296	88,864,806
Total Liabilities and Net Assets	\$ 113,547,094	\$ 114,559,557

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

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

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

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Care management revenue, net	\$ 43,944,380	\$ -	\$ 43,944,380
Contract revenue, other	18,098,713	-	18,098,713
Pharmacy revenue, net	12,662,848	-	12,662,848
Grant revenue	10,784,608	-	10,784,608
Grant revenue - Paycheck Protection Program	7,230,530	-	7,230,530
Supportive housing revenue	1,707,349	-	1,707,349
Investment loss, net	(8,393,314)	-	(8,393,314)
Other income	1,034,021	27,795	1,061,816
Physical health revenue, net	264,415	-	264,415
Rent revenue	627,476	-	627,476
Releases from restriction	27,795	(27,795)	-
Total Revenue and Other Support	<u>87,988,821</u>	<u>-</u>	<u>87,988,821</u>
Expenses:			
Program Services:			
Mental health services	51,980,205	-	51,980,205
Pharmacy	13,060,457	-	13,060,457
Supportive housing	1,283,614	-	1,283,614
Physical health services	583,175	-	583,175
Utilize health	782,199	-	782,199
Total Program Services	<u>67,689,650</u>	<u>-</u>	<u>67,689,650</u>
General and administrative	14,141,681	-	14,141,681
Total Expenses	<u>81,831,331</u>	<u>-</u>	<u>81,831,331</u>
Change in net assets	6,157,490	-	6,157,490
Net assets, beginning of year	<u>86,168,939</u>	<u>2,695,867</u>	<u>88,864,806</u>
Net assets, end of year	<u>92,326,429</u>	<u>2,695,867</u>	<u>95,022,296</u>
Net assets attributable to noncontrolling interest	<u>(79,307)</u>	<u>-</u>	<u>(79,307)</u>
Net assets attributable to controlling interest	<u>\$ 92,405,736</u>	<u>\$ 2,695,867</u>	<u>\$ 95,101,603</u>

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

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Care management revenue, net	\$ 43,623,812	\$ -	\$ 43,623,812
Contract revenue, other	16,161,609	-	16,161,609
Pharmacy revenue, net	12,310,256	-	12,310,256
Grant revenue	5,909,692	-	5,909,692
Grant revenue - Paycheck Protection Program	196,268	-	196,268
Supportive housing revenue	1,534,458	-	1,534,458
Investment income, net	7,195,898	-	7,195,898
Other income	1,728,066	-	1,728,066
Physical health revenue, net	257,725	-	257,725
Rent revenue	720,826	-	720,826
Releases from restriction	29	(29)	-
Total Revenue and Other Support	<u>89,638,639</u>	<u>(29)</u>	<u>89,638,610</u>
Expenses:			
Program Services:			
Mental health services	45,835,292	-	45,835,292
Pharmacy	12,520,414	-	12,520,414
Supportive housing	1,127,270	-	1,127,270
Physical health services	478,087	-	478,087
Utilize health	387,787	-	387,787
Total Program Services	<u>60,348,850</u>	<u>-</u>	<u>60,348,850</u>
General and administrative	<u>13,210,661</u>	<u>-</u>	<u>13,210,661</u>
Total Expenses	<u>73,559,511</u>	<u>-</u>	<u>73,559,511</u>
Change in net assets	16,079,128	(29)	16,079,099
Net assets, beginning of year	<u>70,089,811</u>	<u>2,695,896</u>	<u>72,785,707</u>
Net assets, end of year	<u>86,168,939</u>	<u>2,695,867</u>	<u>88,864,806</u>
Net assets attributable to noncontrolling interest	<u>(24,915)</u>	<u>-</u>	<u>(24,915)</u>
Net assets attributable to controlling interest	<u>\$ 86,193,854</u>	<u>\$ 2,695,867</u>	<u>\$ 88,889,721</u>

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

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services					Total Program Services	General and Administrative	Total
	Mental Health Services	Pharmacy	Supportive Housing	Physical Health Services	MHC UH			
Salaries and benefits	\$ 45,830,217	\$ 698,729	\$ -	\$ 489,020	\$ 478,630	\$ 47,496,596	\$ 7,658,311	\$ 55,154,907
Cost of goods sold	-	12,045,094	-	-	-	12,045,094	-	12,045,094
Legal and professional	985,845	50,511	1,283,614	123	222,091	2,542,184	1,356,346	3,898,530
Depreciation and amortization	2,075,348	3,830	-	1,158	13,675	2,094,011	219,577	2,313,588
Purchased services	714,131	6,997	-	2,681	19,612	743,421	1,428,646	2,172,067
Dues and subscriptions	-	25,891	-	15,716	22,344	63,951	982,635	1,046,586
Insurance	58,661	-	-	-	-	58,661	888,747	947,408
Communications and shipping	424,931	9,265	-	-	-	434,196	497,363	931,559
Motor vehicle operations	737,027	-	-	-	2,040	739,067	21,092	760,159
Supplies	559,705	44,662	-	18,164	2,534	625,065	97,761	722,826
Other	183,999	175,478	-	56,313	7,031	422,821	294,690	717,511
Facility rent	194,914	-	-	-	14,242	209,156	430,514	639,670
Interest expense	-	-	-	-	-	-	265,999	265,999
Respite expenses	129,236	-	-	-	-	129,236	-	129,236
Independent living and consumer needs	86,191	-	-	-	-	86,191	-	86,191
	<u>\$ 51,980,205</u>	<u>\$ 13,060,457</u>	<u>\$ 1,283,614</u>	<u>\$ 583,175</u>	<u>\$ 782,199</u>	<u>\$ 67,689,650</u>	<u>\$ 14,141,681</u>	<u>\$ 81,831,331</u>

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

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services					Total Program Services	General and Administrative	Total
	Mental Health Services	Pharmacy	Supportive Housing	Physical Health Services	MHC UH			
Salaries and benefits	\$ 40,197,476	\$ 700,807	\$ -	\$ 457,208	\$ 139,405	\$ 41,494,896	\$ 7,310,329	\$ 48,805,225
Cost of goods sold	-	11,684,798	-	-	-	11,684,798	-	11,684,798
Legal and professional	767,100	51,037	1,127,270	-	170,445	2,115,852	1,435,860	3,551,712
Depreciation and amortization	2,111,872	3,769	-	2,406	865	2,118,912	261,380	2,380,292
Communications and shipping	395,322	7,415	-	-	2,749	405,486	896,593	1,302,079
Purchased services	296,398	1,673	-	790	-	298,861	947,455	1,246,316
Dues and subscriptions	3,538	24,472	-	7,833	10,078	45,921	863,953	909,874
Insurance	54,163	-	-	-	-	54,163	769,603	823,766
Facility rent	495,589	-	-	-	63,865	559,454	264,019	823,473
Supplies	482,224	30,303	-	8,147	161	520,835	87,246	608,081
Other	455,050	16,140	-	1,703	219	473,112	94,405	567,517
Motor vehicle operations	407,182	-	-	-	-	407,182	13,222	420,404
Interest expense	-	-	-	-	-	-	266,596	266,596
Independent living and consumer needs	88,565	-	-	-	-	88,565	-	88,565
Respite expenses	80,813	-	-	-	-	80,813	-	80,813
	<u>\$ 45,835,292</u>	<u>\$ 12,520,414</u>	<u>\$ 1,127,270</u>	<u>\$ 478,087</u>	<u>\$ 387,787</u>	<u>\$ 60,348,850</u>	<u>\$ 13,210,661</u>	<u>\$ 73,559,511</u>

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

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 6,157,490	\$ 16,079,099
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	2,303,963	2,380,292
Amortization of debt issuance costs	12,269	12,269
Amortization of goodwill	9,625	-
Provision for uncollectible receivables	785,751	566,069
Net realized and unrealized loss (gain) on investments	10,251,109	(6,401,075)
Net gain on interest rate swap	(604,520)	-
Loss on disposal	-	83,685
Changes in operating assets and liabilities:		
Accounts receivable	(21,582)	(4,393,366)
Prepaid expenses and other	(156,609)	23,556
Inventory	(28,896)	(5,421)
Other assets	(1,168)	488
Accounts payable and accrued expenses	(1,603,154)	1,091,177
Accrued payroll and related costs	1,637,572	985,333
Deferred revenue	(7,230,530)	7,034,262
Net cash flows from operating activities	11,511,320	17,456,368
Cash flows from investing activities:		
Purchase of investments	(27,959,425)	(22,068,530)
Proceeds from sale of investments	11,879,505	14,440,302
Acquisition of Utilize Health	-	(65,789)
Purchase of property and equipment	(1,415,436)	(782,745)
Net cash flows from investing activities	(17,495,356)	(8,476,762)
Cash flow from financing activities:		
Net receipts for funds held for consumers	219,089	184,961
Payments on long-term debt	(205,199)	(200,400)
Net cash flows from financing activities	13,890	(15,439)
Net change in cash and cash equivalents	(5,970,146)	8,964,167
Cash and cash equivalents, beginning of year	18,680,345	9,716,178
Cash and cash equivalents, end of year	\$ 12,710,199	\$ 18,680,345
Cash and cash equivalents consist of the following:		
Cash and cash equivalents	\$ 10,422,662	\$ 16,611,897
Funds held for consumers	2,287,537	2,068,448
	\$ 12,710,199	\$ 18,680,345
Supplemental disclosure of cash flow information:		
Interest paid	\$ 253,730	\$ 254,327

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

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Nature of activities and significant accounting policies

General – Mental Health Cooperative, Inc. is a not-for-profit organization that provides individuals with immediate access to mental health services through mobile crisis response, emergency psychiatric services, clinical evaluation, outreach services, and care management, and serves adults with severe mental illness and children with serious emotional challenges with locations across Middle and East Tennessee. Mental Health Cooperative, Inc. also owns a membership interest in an on-site pharmacy and an on-site physical health services provider. The pharmacy operates as a single member limited liability company under the name NPS Pharmacy, LLC (“NPS”). The physical health services provider was formed in February 2013, as a single member limited liability company and operates under the name Integrated Health Cooperative, LLC (“IHC”). Mental Health Cooperative, Inc. purchased the assets of Mymedmatch, Inc. d/b/a Utilize Health in December 2020 and formed MHC UH, Inc. (“UH”). UH is a for profit corporation owned 95.64% by Mental Health Cooperative.

Principles of Consolidation – The consolidated financial statements include the accounts of Mental Health Cooperative, Inc.; NPS; IHC; and UH (collectively, “MHC”). All significant inter-entity transactions and balances have been eliminated in consolidation.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, net assets of MHC and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of MHC and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions also include net assets subject to donor-imposed stipulations that they be maintained permanently by MHC. Generally, donors of these assets may permit MHC to use all or part of the income earned for general or specific purposes. As of June 30, 2022 and 2021, MHC had no such restrictions on net assets.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, MHC considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Investments – Investments are reported at their fair values in the accompanying consolidated statements of financial position. See Note 5 for discussion on fair value measurements. Investment income and unrealized gains and losses are reported as changes in unrestricted net assets unless the use of income has been restricted by the donor.

Promises to Give – Contributions are recognized when the donor makes a promise to give to MHC, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Prepaid Expenses and Other – Prepaid expenses at June 30, 2022 and 2021 are primarily comprised of advance payments for insurance and licensing fees.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Nature of activities and significant accounting policies (continued)

Inventory – Inventory is stated at the lower of cost or market using the weighted average method. Inventory is primarily comprised of pharmacy medications and supplies.

Accounts Receivable and Bad Debts – The majority of accounts receivable are due under fee-for-service contracts from third party payers, such as insurance companies. Receivables are generally collected within industry norms for third party payers. Collections from payers are continuously monitored and an allowance for doubtful accounts is maintained based upon specific payer collection issues that have been identified and historical experience. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The allowance for doubtful accounts is adjusted periodically, based upon a review of outstanding receivables.

Property and Equipment – Property and equipment are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is provided over the estimated useful lives of the respective assets (ranging from 3 to 40 years) using the straight-line method.

Income Taxes – MHC, with the exception of UH, is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. UH incurred a net loss during the years ended June 30, 2022 and 2021. MHC recorded a full valuation allowance of the deferred tax benefit generated from UH's net operating loss carryforward at June 30, 2022 and 2021. Accordingly, no provision for income tax has been made in the accompanying consolidated financial statements.

Case Management – MHC provides services to adults with serious mental illness and adolescents and children with a mental illness and emotional disorders. Care management services for these individuals are primarily administered to covered persons enrolled in TennCare's Health Link Program ("THL") through participating provider agreements with managed care organizations. MHC is compensated for its services in accordance with the agreed rates as included in the participating provider agreements. In addition, MHC also provides physical health services and pharmacy services primarily to these same individuals. Care management revenue, physical health revenue, and pharmacy revenue are reported at established rates, net of contractual adjustments, charity assistance services, and provision for bad debts. Third party contractual revenue adjustments under government reimbursement programs are accrued on an estimated basis in the period the related services are rendered.

Contract Revenue – MHC provides crisis walk-in services and mobile crisis response services to adults, adolescents, and children in Middle Tennessee. These crisis services are funded through the TennCare managed care organizations and are paid on a per member, per month basis based on the total TennCare enrollment in Metro Davidson County. MHC also provides therapy services, compensated in accordance with agreed rates from participating providers. MHC has several contracts and agreements with Metro Davidson County agencies for services at either agreed monthly or per consumer rates, or on a cost reimbursement arrangement. Under the THL program, MHC also receives incentive payments through participating providers based on agreed-upon quality and efficiency metrics.

Supportive Housing Revenue – MHC operates the Supportive Housing program that assists clients in stabilization from their behavioral health symptoms by providing assistance in obtaining housing. Insurance companies pay on a per diem basis for each day a client is served. MHC subcontracts with various housing entities to provide the supportive housing services.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Nature of activities and significant accounting policies (continued)

Estimates – The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements. Estimates also affect the reported amounts of revenue and other support and expenses during the period. Actual results could differ from those estimates.

Future Pronouncements – In February 2016, Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the consolidated statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the consolidated statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. MHC is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Subsequent Events – MHC evaluated subsequent events through November 28, 2022, when these consolidated financial statements were available to be issued.

Note 2—Revenue recognition

MHC follows FASB Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, which requires an entity to recognize revenue when it transfers the promised goods or services to a customer in an amount that reflects consideration to which the entity expects to be entitled to in exchange for those goods and services.

MHC recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction prices
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when or as MHC satisfies a performance obligation

MHC has analyzed the provisions of ASC 606 and has concluded the following:

Consumer Fees – MHC operates facilities throughout Tennessee providing access to mental health services and physical health services. Such revenue is included in the net care management revenue, contract revenue, supportive housing revenue, and physical health revenue in the consolidated statement of activities. Revenue is recognized at a point in time as the consumer receives the benefit of MHC’s services and when collectability is reasonably assured. See Note 1 for descriptions of case management, contract, and supportive housing revenue.

Pharmacy Services – MHC operates a pharmacy in its Nashville location primarily for consumers served. Such revenue is included in the net pharmacy revenue in the consolidated statement of activities. Revenue is recognized at a point in time as the consumer receives the prescribed medicine and when collectability is reasonably assured.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 2—Revenue recognition (continued)

Contract Balances – Net consumer fees receivable consist of care management, other contract, supportive housing, and physical health receivables as well as pharmacy receivables and state incentive payment receivables, and are recorded within net accounts receivable (see Note 4). State incentive payment receivables relate to payments from each managed care organization based on achievement of performance metrics outlined in each contract. All other consumer fees receivable represent amounts owed for services performed during the years ended June 30, 2022 and 2021, and are primarily related to managed care organizations and private insurance payments that are paid after the claim is submitted. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The allowance for doubtful accounts is adjusted periodically based upon a review of outstanding receivables. Net consumer fees receivables are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Care management, supportive housing, and other contract receivable	\$ 12,419,857	\$ 11,428,004
State incentive payments	2,430,870	2,844,623
Pharmacy receivable	702,255	629,720
Physical health receivable	64,613	52,823
	<u>15,617,595</u>	<u>14,955,170</u>
Less allowance for doubtful accounts	<u>(4,504,077)</u>	<u>(3,718,326)</u>
	<u>\$ 11,113,518</u>	<u>\$ 11,236,844</u>

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. MHC's contracts with customers do not typically include multiple performance obligations.

Variable Consideration/Payment Terms – MHC's contracts with customers generally do not result in variable consideration or contract modifications. MHC's THC provider agreements include variable consideration in the form of performance based outcome incentive payments. These payments are based on calendar year performance periods. MHC recognizes this revenue at a point in time as outcomes are not determined until the end of a performance year. MHC's payment terms vary based on the rates provided by each managed care organization and type of service. The time between invoicing and when payment is due is not significant. MHC's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

Disaggregation of Revenue – The table below depicts the disaggregation of revenue by service for the years ended June 30, and is consistent with how MHC evaluates financial performance:

	<u>2022</u>	<u>2021</u>
Care management revenue, net	\$ 43,944,380	\$ 43,623,812
Contract revenue, other	18,098,713	16,161,609
Pharmacy revenue, net	12,662,848	12,310,256
Supportive housing revenue	1,707,349	1,534,458
Physical health revenue, net	264,415	257,725
	<u>\$ 76,677,705</u>	<u>\$ 73,887,860</u>

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 3—Liquidity and availability of resources

MHC regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, MHC considers all expenditures related to its ongoing activities of providing programs and services to provide individuals with immediate access to mental health services as well as conduct of services undertaken to support those activities to be general expenditures. MHC maintains a line of credit with maximum borrowings of \$4,000,000 (see Note 9) with a financial institution that is drawn upon during the year to manage cash flow, if needed.

As a part of MHC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. MHC considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 10,422,662	\$ 16,611,897
Investments	64,846,622	59,017,811
Accounts receivable, net	12,995,324	13,759,493
Total financial assets	88,264,608	89,389,201
Less amounts not available to be used for general expenditures within one year:		
Purpose and time restrictions	70,867	70,867
Financial assets available to meet general expenditures within one year	<u>\$ 88,193,741</u>	<u>\$ 89,318,334</u>

Note 4—Accounts receivable

Accounts receivable consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Care management, supportive housing, and other contract receivable	\$ 12,419,857	\$ 11,428,004
State incentive payments	2,430,870	2,844,623
Grants receivable from Tennessee Department of Mental Health and Substance Abuse Services	1,362,633	2,120,864
Pharmacy receivable	702,255	629,720
Physical health receivable	64,613	52,823
Other	519,173	401,785
	17,499,401	17,477,819
Less allowance for doubtful accounts	<u>(4,504,077)</u>	<u>(3,718,326)</u>
	<u>\$ 12,995,324</u>	<u>\$ 13,759,493</u>

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 4—Accounts receivable (continued)

As of June 30, 2022 and 2021, MHC care management, supportive housing, and other contract receivables consisted primarily of third party payers under TennCare/Medicaid and Medicare contracts.

Mental health services bad debt expense, reported as a reduction to care management revenue on the consolidated statements of activities, totaled approximately \$780,000 and \$380,000 for the years ended June 30, 2022 and 2021, respectively. NPS bad debt expense reported as a reduction to pharmacy revenue on the consolidated statement of activities, totaled approximately \$240,000 and \$178,800 for the years ended June 30, 2022 and 2021, respectively. In addition, physical health services bad debt expense, reported as a reduction to physical health revenue on the consolidated statements of activities, totaled approximately \$30,000 and \$29,000 for the years ended June 30, 2022 and 2021, respectively.

Note 5—Investments

MHC records investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumption about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, and the risk of nonperformance. A fair value hierarchy is used that prioritizes inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodology used at June 30, 2022 or 2021. A description of the valuation methodology used for assets measured at fair value is as follows:

U.S. Government Securities, Corporate Bonds, Exchange Traded Securities, Foreign Bonds, and Other Short Term Investments – Valued at the closing price reported on the active market on which the individual securities are traded.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5—Investments (continued)

The following table sets forth by level, within the fair value hierarchy, MHC's investments at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government securities:				
Federal government agencies	\$ -	\$ 2,425,555	\$ -	\$ 2,425,555
U.S. Treasury	-	1,165,375	-	1,165,375
Total U.S. government securities	-	3,590,930	-	3,590,930
Corporate bonds:				
Banking/financial industry	-	575,330	-	575,330
Oil and gas	-	141,336	-	141,336
Technology industry	-	878,524	-	878,524
Consumer goods and retail	-	319,069	-	319,069
Healthcare	-	40,290	-	40,290
Manufacturing	-	342,420	-	342,420
Real estate	-	68,389	-	68,389
Total corporate bonds	-	2,365,358	-	2,365,358
Exchange traded securities:				
Large cap blend	9,923,049	-	-	9,923,049
Mid cap blend	9,180,960	-	-	9,180,960
Large cap growth	5,179,361	-	-	5,179,361
Large value	6,543,339	-	-	6,543,339
High yield bond mutual funds	1,832,272	-	-	1,832,272
Inflation-protected bond fund	746,991	-	-	746,991
Intermediate term bond fund	1,136,681	-	-	1,136,681
Corporate bond fund	1,407,712	-	-	1,407,712
Long government bond fund	631,805	-	-	631,805
Intermediate government bond fund	1,813,022	-	-	1,813,022
Europe stock	3,423,211	-	-	3,423,211
Short-term bond fund	1,249,595	-	-	1,249,595
Ultrashort bond fund	424,717	-	-	424,717
Bank loan fund	669,496	-	-	669,496
Consumer cyclical	3,039,231	-	-	3,039,231
Other	667,683	-	-	667,683
Total exchange traded securities	47,869,125	-	-	47,869,125
Foreign bonds:				
Basic materials	-	70,053	-	70,053
Other short-term investments	10,951,156	-	-	10,951,156
Total assets at fair value	\$ 58,820,281	\$ 6,026,341	\$ -	\$ 64,846,622

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 5—Investments (continued)

The following table sets forth by level, within the fair value hierarchy, MHC's investments at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government securities:				
Federal government agencies	\$ -	\$ 2,698,385	\$ -	\$ 2,698,385
U.S. Treasury	-	1,541,148	-	1,541,148
Total U.S. government securities	-	4,239,533	-	4,239,533
Corporate bonds:				
Banking/financial industry	-	866,951	-	866,951
Oil and gas	-	153,627	-	153,627
Technology industry	-	988,078	-	988,078
Consumer goods and retail	-	133,174	-	133,174
Railroad	-	70,344	-	70,344
Healthcare	-	44,364	-	44,364
Manufacturing	-	265,376	-	265,376
Real estate	-	76,675	-	76,675
Total corporate bonds	-	2,598,589	-	2,598,589
Exchange traded securities:				
Large cap blend	2,306,243	-	-	2,306,243
Mid cap blend	9,923,835	-	-	9,923,835
Large cap growth	4,797,386	-	-	4,797,386
Large value	7,895,451	-	-	7,895,451
High yield bond mutual funds	2,216,524	-	-	2,216,524
Inflation-protected bond fund	760,836	-	-	760,836
Intermediate term bond fund	841,794	-	-	841,794
Corporate bond fund	1,493,930	-	-	1,493,930
Long government bond fund	896,664	-	-	896,664
Intermediate government bond fund	2,475,004	-	-	2,475,004
Europe stock	2,579,219	-	-	2,579,219
Consumer cyclical	2,657,583	-	-	2,657,583
Other	694,686	-	-	694,686
Total exchange traded securities	39,539,155	-	-	39,539,155
Foreign bonds:				
Basic materials	-	74,215	-	74,215
Other short-term investments	12,566,319	-	-	12,566,319
Total assets at fair value	\$ 52,105,474	\$ 6,912,337	\$ -	\$ 59,017,811

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 6—Government grant revenue

During the year ended June 30, 2021, NPS and IHC received Paycheck Protection Program (“PPP”) loans in the amounts of \$85,938 and \$110,330, respectively, which were established under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and administered by the Small Business Administration (“SBA”). The application for the PPP loan requires NPS and IHC to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of NPS and IHC. This certification further requires NPS and IHC to take into account current business activity and the ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on NPS and IHC having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan.

NPS and IHC applied for forgiveness with the SBA and the SBA forgave the PPP loans in full on April 20, 2021. As a result, NPS and IHC recognized \$85,938 and \$110,330 as grant revenue – Paycheck Protection Program on the consolidated statement of activities for the year ended June 30, 2021.

Under the same terms and requirements, MHC received a PPP loan in the amount of \$7,230,530 during the year ended June 30, 2021, which was established under the CARES Act and administered by the SBA. Presently, the SBA and other government communications have indicated that all loans in excess of \$2 million will be subject to audit and that these audits will take up to seven years to complete. If the SBA determines the PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, MHC would need to repay some or all of the PPP loan and record additional expense, which could have a material, adverse effect on MHC in a future period. As of June 30, 2021, MHC recorded such amounts as deferred revenue as the conditions for forgiveness had not yet been met at that time.

MHC applied for forgiveness with the SBA and the SBA forgave the PPP loan in full on March 2, 2022. As a result, MHC recognized \$7,230,530 as grant revenue – Paycheck Protection Program on the consolidated statement of activities for the year ended June 30, 2022.

Note 7—Note payable

MHC entered into a term loan in June 2020 in the amount of \$9,222,500 to finance the purchase of land and building serving as its Nashville headquarters. The total purchase price was approximately \$10,850,000. The note matures in June 2027 and is secured by substantially all of MHC’s business assets. This note requires monthly principal plus interest payments at a variable rate (2.41% at June 30, 2022). The principal payment amount increases annually, beginning at \$16,700 per month and eventually reaching \$19,700 per month.

Debt issuance costs related to the note payable are amortized on a straight-line basis over the term of the related borrowings, which approximates the interest method. Amortization expense for debt issuance costs, which is recorded within interest expense, was \$12,269 and \$12,269 for the years ended June 30, 2022 and 2021, respectively.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 7—Note payable (continued)

Maturities of the note payable are as follows for the years ending June 30:

2023	\$ 198,931
2024	204,931
2025	210,931
2026	216,931
2027	7,924,569
Thereafter	-
	<u>\$ 8,756,293</u>

Note 8—Interest rate swap agreement

MHC entered into an interest rate swap arrangement effective June 2020 with a financial institution which effectively fixed the interest rate on the variable rate note payable. The notional amount of the interest rate swap agreement, which matures in June 2027, was \$8,816,900 as of June 30, 2022.

MHC's purpose for entering into the swap arrangement was to hedge against the risk of interest rate increases on the variable interest rate note payable. The fair value of the swap agreement was \$604,520 as of June 30, 2022.

Note 9—Line of credit

At June 30, 2022 and 2021, MHC had a line of credit with maximum borrowings of \$4,000,000. The line of credit has a variable interest rate based on the Wall Street Journal prime index rate (4.75% and 2.13% at June 30, 2022 and 2021, respectively). Interest is payable monthly and all outstanding principal plus accrued unpaid interest is due in December 2023. There were no borrowings outstanding at June 30, 2022 or 2021.

Note 10—Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	<u>2022</u>	<u>2021</u>
Pre-arrest diversion crisis center, purpose restriction	\$ 2,625,000	\$ 2,625,000
Consumer needs, purpose restriction	70,867	70,867
	<u>\$ 2,695,867</u>	<u>\$ 2,695,867</u>

In September 2017, MHC entered into an agreement with the Tennessee Department of Mental Health and Substance Abuse Services, whereby funds were made available to MHC by the governmental agency to construct a pre-arrest diversion crisis center. Under the agreement, MHC is committed to operate the center program for 20 years or be liable for repaying the total amount of the original funds to the governmental agency which provided to them. Management currently plans to operate the program for the specified terms of the agreement.

Consumer needs are funds that are to be used for consumers that cannot afford the services provided to them.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 11—Operating leases

MHC leases certain facilities, vehicles, and office equipment under noncancelable lease agreements through November 2029 all of which are considered operating leases. Future minimum payments for these lease commitments as of June 30, 2022 are as follows:

Years Ending June 30,

2023	\$ 669,854
2024	588,933
2025	389,394
2026	326,878
2027	275,222
Thereafter	477,663
	\$ 2,727,944

Rental and lease expense under operating leases with third parties for the years ended June 30, 2022 and 2021, amounted to approximately \$800,000 and \$890,000, respectively.

In June 2020, MHC purchased the land and building it had been leasing for its Nashville headquarters. As part of the purchase, MHC assumed noncancelable tenant leases through 2030. Subsequent to the purchase, MHC leased additional space within the building through 2025. Future minimum rental receipts for these lease commitments as of June 30, 2022 are as follows:

Years Ending June 30,

2023	\$ 535,003
2024	516,967
2025	484,716
2026	472,803
2027	510,920
Thereafter	1,405,031
	\$ 3,925,440

Rental income from tenant leases for the years ended June 30, 2022 and 2021 amounted to approximately \$627,000 and \$663,000, respectively.

Note 12—Retirement plans

MHC maintains a 403(b) plan for eligible employees. Employees are eligible to participate in the plan upon hire. Under this plan, employees may elect to contribute a percentage of their earnings on a pretax basis to be invested in one of several alternatives. Additionally, MHC makes matching and other contributions on behalf of eligible employees. The maximum annual contribution is limited by existing Internal Revenue Service regulations. During 2022 and 2021, MHC contributed approximately \$2,050,000 and \$1,937,000, respectively, to the plan. Plan liabilities of approximately \$175,000 and \$156,000 at June 30, 2022 and 2021, respectively, are included in accrued payroll and related costs on the consolidated statements of financial position.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 12—Retirement plans (continued)

In addition, MHC sponsors a nonqualified deferred compensation plan. The Executive 457(b) Retirement Plan of Mental Health Cooperative, Inc. (the “457(b) Plan”) was established to provide deferred compensation for a select group of management or highly-compensated employees to accumulate retirement assets. The 457(b) Plan enables participants to defer income on a pre-tax basis. At June 30, 2022 and 2021, MHC held assets of approximately \$668,000 and \$695,000, respectively, that are included in investments, which are designated by MHC to pay future 457(b) Plan liabilities of approximately \$668,000 and \$695,000, respectively, which are included in accrued payroll and related costs on the consolidated statements of financial position.

Note 13—Funds held for consumers

MHC acts as representative payee of Social Security funds for the benefit of certain consumers. As representative payee, MHC makes disbursements of funds in accordance with Social Security guidelines for the benefit of the respective consumer. For the years ended June 30, 2022 and 2021, MHC held \$2,287,537 and \$2,068,448, respectively, for the benefit of its consumers.

Note 14—Charity care assistance

MHC provides certain mental health services to individuals who do not have insurance or other means to pay for their care. These services represent charity care and are not reported as revenue. The value of charity care provided by MHC during the years ended June 30, 2022 and 2021 was approximately \$37,000 and \$75,000, respectively.

Note 15—Risk of loss

MHC is exposed to various risks of loss including medical malpractice, general liability, errors and omissions, and other situations. MHC purchases commercial insurance for the significant risk of loss.

Note 16—Concentrations

MHC receives a substantial amount of its revenues from services provided to consumers covered by TennCare supported managed care organizations. Additionally, MHC receives a significant amount of support from government grants and contracts. A significant reduction in the level of these revenues, if this were to occur, may have an effect on MHC’s programs and activities. In addition, the funding received by MHC from governmental agencies is subject to audit and retroactive adjustment.

During 2022 and 2021, MHC maintained deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”). At June 30, 2022 and 2021, accounts held at FDIC insured institutions were insured up to \$250,000. Excess uninsured balances at MHC were approximately \$11,970,000 and \$17,915,000 at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, investments were managed by brokerage and investment companies with account balances totaling \$64,846,622 and \$59,017,811, respectively. Investments in the account are invested in various securities. Investments are generally not insured by FDIC or any other government agency and are subject to investment risk, including loss of principal. Investments are insured by the Securities Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 17—Related parties

MHC has contracts with members of its Board of Directors for consulting services. Additionally, a law firm affiliated with a member of the Board of Directors provides legal services to MHC. Total amounts remitted for legal services were approximately \$74,000 and \$137,000 for the years ended June 30, 2022 and 2021, respectively. Amounts paid under the consulting agreements were approximately \$91,000 and \$76,000 for the years ended June 30, 2022 and 2021, respectively. None of these transactions are considered to be individually significant to MHC's consolidated financial statements.

MHC uses the services of a financial institution, which has one officer that serves on MHC's Board of Directors. These services include the term loan note and interest rate swap described in Notes 7 and 8 and general banking services.

Note 18—Acquisition – MHC UH, Inc.

In December 2020, MHC acquired substantially all of the assets and operations of Mymedmatch, Inc. d/b/a Utilize Health through an asset purchase agreement that was, in effect, a business combination. The total purchase price was \$300,000, which resulted in goodwill of \$60,789. The fair value of the noncontrolling interest on the date of acquisition was \$15,789.

Following is a schedule depicting the change in consolidated net assets without donor restrictions attributable to MHC UH, Inc.

	<u>Total</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>
Balance June 30, 2020	\$ -	\$ -	\$ -
Change in net assets from activities	(814,076)	(773,372)	(40,704)
Acquisition of interest shares	315,789	300,000	15,789
Balance June 30, 2021	(498,287)	(473,372)	(24,915)
Change in net assets from activities	(1,113,944)	(1,059,552)	(54,392)
Acquisition of interest shares	850,103	850,103	-
Balance June 30, 2022	<u>\$ (762,128)</u>	<u>\$ (682,821)</u>	<u>\$ (79,307)</u>

SUPPLEMENTARY INFORMATION

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	Mental Health Cooperative, LLC	NPS Pharmacy, LLC	Integrated Health Cooperative, LLC	MHC UH, INC.	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 5,375,433	\$ 3,663,377	\$ 1,365,625	\$ 18,227	\$ -	\$ 10,422,662
Investments	64,846,622	-	-	-	-	64,846,622
Accounts receivable, net	12,258,559	702,255	34,510	-	-	12,995,324
Prepaid expenses and other	8,113,432	15,190	6,190	-	(7,501,731)	633,081
Inventory	-	567,812	-	-	-	567,812
Funds held for consumers	2,287,537	-	-	-	-	2,287,537
Total Current Assets	92,881,583	4,948,634	1,406,325	18,227	(7,501,731)	91,753,038
Property and Equipment:						
Land	3,944,086	-	-	-	-	3,944,086
Buildings, improvements, and housing	16,458,790	-	-	-	-	16,458,790
Office equipment	6,958,610	67,647	30,589	25,706	-	7,082,552
Leasehold improvements	4,882,513	73,077	32,857	4,730	-	4,993,177
Furniture and fixtures	766,675	9,715	2,418	-	-	778,808
Construction in progress	285,507	-	-	-	-	285,507
	33,296,181	150,439	65,864	30,436	-	33,542,920
Less accumulated depreciation	(12,337,604)	(147,432)	(65,452)	(5,449)	-	(12,555,937)
Property and Equipment, Net	20,958,577	3,007	412	24,987	-	20,986,983
Other Assets:						
Other assets, net	151,389	-	-	51,164	-	202,553
Interest rate swap	604,520	-	-	-	-	604,520
Investment in affiliates	(1,390,179)	-	-	-	1,390,179	-
Total Other Assets	(634,270)	-	-	51,164	1,390,179	807,073
Total Assets	\$ 113,205,890	\$ 4,951,641	\$ 1,406,737	\$ 94,378	\$ (6,111,552)	\$ 113,547,094
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 506,707	\$ 2,606,689	\$ 4,352,531	\$ 854,024	\$ (7,501,731)	\$ 818,220
Accrued payroll and related costs	6,553,752	97,259	9,255	2,482	-	6,662,748
Current portion of note payable, net of debt issuance costs	198,931	-	-	-	-	198,931
Funds held for consumers	2,287,537	-	-	-	-	2,287,537
Total Current Liabilities	9,546,927	2,703,948	4,361,786	856,506	(7,501,731)	9,967,436
Long-Term Liabilities:						
Note payable, net of debt issuance costs	8,557,362	-	-	-	-	8,557,362
Total Liabilities	18,104,289	2,703,948	4,361,786	856,506	(7,501,731)	18,524,798
Net Assets:						
Without donor restrictions - controlling interest	92,405,734	2,247,693	(2,955,049)	(762,128)	1,469,486	92,405,736
Without donor restrictions - noncontrolling interest	-	-	-	-	(79,307)	(79,307)
Total Net Assets Without Donor Restrictions	92,405,734	2,247,693	(2,955,049)	(762,128)	1,390,179	92,326,429
Net assets with donor restrictions - controlling interest	2,695,867	-	-	-	-	2,695,867
Total Net Assets	95,101,601	2,247,693	(2,955,049)	(762,128)	1,390,179	95,022,296
Total Liabilities and Net Assets	\$ 113,205,890	\$ 4,951,641	\$ 1,406,737	\$ 94,378	\$ (6,111,552)	\$ 113,547,094

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

	Mental Health Cooperative, LLC	NPS Pharmacy, LLC	Integrated Health Cooperative, LLC	MHC UH, INC.	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 12,219,606	\$ 3,355,437	\$ 996,443	\$ 40,411	\$ -	\$ 16,611,897
Investments	59,017,811	-	-	-	-	59,017,811
Accounts receivable, net	13,112,179	629,720	17,594	-	-	13,759,493
Prepaid expenses and other	6,062,985	13,690	3,990	-	(5,604,193)	476,472
Inventory	-	538,916	-	-	-	538,916
Funds held for consumers	2,068,448	-	-	-	-	2,068,448
Total Current Assets	92,481,029	4,537,763	1,018,027	40,411	(5,604,193)	92,473,037
Property and Equipment:						
Land	3,944,086	-	-	-	-	3,944,086
Buildings, improvements, and housing	16,199,414	-	-	-	-	16,199,414
Office equipment	6,661,015	67,647	30,589	5,000	-	6,764,251
Leasehold improvements	4,503,333	73,077	32,857	-	-	4,609,267
Furniture and fixtures	728,198	9,715	2,418	-	-	740,331
Construction in progress	162,295	-	-	-	-	162,295
	32,198,341	150,439	65,864	5,000	-	32,419,644
Less accumulated depreciation	(10,335,793)	(143,198)	(64,171)	(972)	-	(10,544,134)
Net Property and Equipment	21,862,548	7,241	1,693	4,028	-	21,875,510
Other Assets:						
Other assets, net	150,221	-	-	60,789	-	211,010
Investment in affiliates	(52,936)	-	-	-	52,936	-
Total Other Assets	97,285	-	-	60,789	52,936	211,010
Total Assets	\$ 114,440,862	\$ 4,545,004	\$ 1,019,720	\$ 105,228	\$ (5,551,257)	\$ 114,559,557
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 2,063,758	\$ 1,759,154	\$ 3,603,734	\$ 598,921	\$ (5,604,193)	\$ 2,421,374
Accrued payroll and related costs	4,899,424	99,362	21,796	4,594	-	5,025,176
Deferred revenue	7,230,530	-	-	-	-	7,230,530
Current portion of note payable, net of debt issuance costs	192,931	-	-	-	-	192,931
Funds held for consumers	2,068,448	-	-	-	-	2,068,448
Total Current Liabilities	16,455,091	1,858,516	3,625,530	603,515	(5,604,193)	16,938,459
Long-Term Liabilities:						
Note payable, net of debt issuance costs	8,756,292	-	-	-	-	8,756,292
Total Liabilities	25,211,383	1,858,516	3,625,530	603,515	(5,604,193)	25,694,751
Net Assets:						
Without donor restrictions - controlling interest	86,533,612	2,686,488	(2,605,810)	(498,287)	77,851	86,193,854
Without donor restrictions - noncontrolling interest	-	-	-	-	(24,915)	(24,915)
Total Net Assets	86,533,612	2,686,488	(2,605,810)	(498,287)	52,936	86,168,939
Net assets with donor restrictions - controlling interest						
	2,695,867	-	-	-	-	2,695,867
Total Net Assets	89,229,479	2,686,488	(2,605,810)	(498,287)	52,936	88,864,806
Total Liabilities and Net Assets	\$ 114,440,862	\$ 4,545,004	\$ 1,019,720	\$ 105,228	\$ (5,551,257)	\$ 114,559,557

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Mental Health Cooperative, LLC	NPS Pharmacy, LLC	Integrated Health Cooperative, LLC	MHC - UH	Eliminations	Consolidated
Revenue and Other Support:						
Care management revenue, net	\$ 43,944,380	\$ -	\$ -	\$ -	\$ -	\$ 43,944,380
Contract revenue, other	18,098,713	-	-	-	-	18,098,713
Pharmacy revenue, net	-	12,662,848	-	-	-	12,662,848
Grant revenue	10,784,608	-	-	-	-	10,784,608
Grant revenue - Paycheck Protection Program	7,230,530	-	-	-	-	7,230,530
Supportive housing revenue	1,707,349	-	-	-	-	1,707,349
Investment loss, net	(10,549,884)	-	-	-	2,156,570	(8,393,314)
Other income	1,362,358	-	-	-	(300,542)	1,061,816
Physical health revenue, net	-	-	264,415	-	-	264,415
Rent revenue	627,476	-	-	-	-	627,476
Total Revenue and Other Support	<u>73,205,530</u>	<u>12,662,848</u>	<u>264,415</u>	<u>-</u>	<u>1,856,028</u>	<u>87,988,821</u>
Expenses:						
Program Services:						
Mental health services	51,980,205	-	-	-	-	51,980,205
Pharmacy	-	13,060,457	-	-	-	13,060,457
Supportive housing	1,283,614	-	-	-	-	1,283,614
Physical health services	-	-	583,175	-	-	583,175
Utilize health	-	-	-	1,113,517	(331,318)	782,199
Total Program Services	<u>53,263,819</u>	<u>13,060,457</u>	<u>583,175</u>	<u>1,113,517</u>	<u>(331,318)</u>	<u>67,689,650</u>
General and administrative	14,069,589	41,186	30,479	427	-	14,141,681
Total Expenses	<u>67,333,408</u>	<u>13,101,643</u>	<u>613,654</u>	<u>1,113,944</u>	<u>(331,318)</u>	<u>81,831,331</u>
Change in net assets	5,872,122	(438,795)	(349,239)	(1,113,944)	2,187,346	6,157,490
Net assets, beginning of year	<u>89,229,479</u>	<u>2,686,488</u>	<u>(2,605,810)</u>	<u>(498,287)</u>	<u>52,936</u>	<u>88,864,806</u>
Contribution of net assets	-	-	-	850,103	(850,103)	-
Net assets, end of year	<u>95,101,601</u>	<u>2,247,693</u>	<u>(2,955,049)</u>	<u>(762,128)</u>	<u>1,390,179</u>	<u>95,022,296</u>
Net assets attributable to noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,307)</u>	<u>-</u>	<u>(79,307)</u>
Net assets attributable to controlling interest	<u>\$ 95,101,601</u>	<u>\$ 2,247,693</u>	<u>\$ (2,955,049)</u>	<u>\$ (682,821)</u>	<u>\$ 1,390,179</u>	<u>\$ 95,101,603</u>

MENTAL HEALTH COOPERATIVE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Mental Health Cooperative, LLC	NPS Pharmacy, LLC	Integrated Health Cooperative, LLC	MHC - UH	Eliminations	Consolidated
Revenue and Other Support:						
Care management revenue, net	\$ 43,623,812	\$ -	\$ -	\$ -	\$ -	\$ 43,623,812
Contract revenue, other	16,161,609	-	-	-	-	16,161,609
Pharmacy revenue, net	-	12,310,256	-	-	-	12,310,256
Grant revenue	5,909,692	-	-	-	-	5,909,692
Grant revenue - Paycheck Protection Program	-	85,938	110,330	-	-	196,268
Supportive housing revenue	1,534,458	-	-	-	-	1,534,458
Investment income, net	6,483,327	-	-	-	712,571	7,195,898
Other income	2,134,229	-	-	-	(406,163)	1,728,066
Physical health revenue, net	-	-	257,725	-	-	257,725
Rent revenue	720,826	-	-	-	-	720,826
Total Revenue and Other Support	76,567,953	12,396,194	368,055	-	306,408	89,638,610
Expenses:						
Program Services:						
Mental health services	45,835,292	-	-	-	-	45,835,292
Pharmacy	-	12,520,414	-	-	-	12,520,414
Supportive housing	1,127,270	-	-	-	-	1,127,270
Physical health services	-	-	478,087	-	-	478,087
Utilize health	-	-	-	794,525	(406,738)	387,787
Total Program Services	46,962,562	12,520,414	478,087	794,525	(406,738)	60,348,850
General and administrative	13,161,617	17,573	11,920	19,551	-	13,210,661
Total Expenses	60,124,179	12,537,987	490,007	814,076	(406,738)	73,559,511
Change in net assets	16,443,774	(141,793)	(121,952)	(814,076)	713,146	16,079,099
Net assets, beginning of year	72,785,705	2,828,281	(2,483,858)	-	(344,421)	72,785,707
Contribution of net assets	-	-	-	315,789	(315,789)	-
Net assets, end of year	89,229,479	2,686,488	(2,605,810)	(498,287)	52,936	88,864,806
Net assets attributable to noncontrolling interest	-	-	-	(24,915)	-	(24,915)
Net assets attributable to controlling interest	\$ 89,229,479	\$ 2,686,488	\$ (2,605,810)	\$ (473,372)	\$ 52,936	\$ 88,889,721

COMPLIANCE INFORMATION



Report of Independent Auditor 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
Mental Health Cooperative, Inc. and affiliates
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Mental Health Cooperative, Inc. and affiliates (“MHC”) a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered MHC’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of MHC’s internal control. Accordingly, we do not express an opinion on the effectiveness of MHC’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 or significant deficiencies. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

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 MHC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MHC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
November 28, 2022



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Department of Finance
700 President Ronald Reagan Way, STE 201
Nashville, Tennessee 37210

**Metropolitan Government of Nashville and Davidson County
Recipient of Metro Grant Funding
Non-Profit Grants Manual Receipt Acknowledgement**

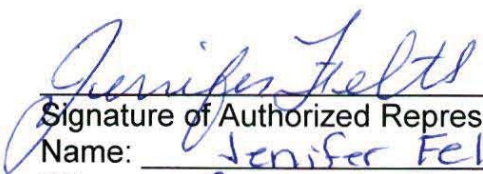
Recipient Name: **Mental Health Cooperative, Inc**

August 1, 2023

As a condition of receipt of this funding, the recipient acknowledges the following:

- Receipt of the Non-Profit Grants Manual, updated February 2, 2023, issued by the Division of Grants and Accountability. Electronic version can be located at the following: [Non-Profit Grant Resources](#)
- The recipient has read, understands and hereby affirms that the agency will adhere to the requirements and expectations outlined within the Non-Profit Grants Manual.
- The recipient understands that if the organization has any questions regarding the Non-Profit Grants Manual or its content, they will consult with the Metro department that awarded their grant.

**Note to Organizations: Please read the Non-Profits Grants Manual carefully to ensure that you understand the requirements and expectations before signing this document.*



Signature of Authorized Representative
Name: Jennifer Felts
Title: Controller
Agency Name: Mental Health Cooperative
Date: 8/1/23