



SEACOAST

MENTAL HEALTH CENTER

Providing hope. Promoting recovery.

July 22, 2025

Mr. Russell Dean, Town Manager
Town of Exeter
10 Front Street
Exeter, NH 03833

Dear Mr. Dean:

I am requesting that the Town of Exeter allocate \$9,000 to Seacoast Mental Health Center, Inc. in its 2026 budget. Our statistics indicate that in FY 2024, we provided 11,544 hours of service to 764 residents from your community.

The funding we receive from the Town of Exeter helps to subsidize the cost of mental health services to Exeter residents that are not fully covered by private insurance, Medicare, Medicaid, or State funding. With changes in federal requirements that eliminate the penalty for not obtaining insurance, we have seen an increase in uninsured clients. Those who do have insurance have seen increases in premiums and copayments to the point that many will not be able to afford them. At the same time, services are needed and will remain mandated leaving many providers including Seacoast Mental Health Center responsible for funding more uncompensated care.

Seacoast Mental Health Center is there to assist our clients in achieving their recovery goals. We provide counseling, psychiatry services, and community support for those suffering from anxiety, depression, bipolar disorder, schizophrenia, and other mental health and substance use disorders. Emergency services are available 24/7/365 days a year.

SMHC greatly appreciates the assistance the Town of Exeter has provided in the past.

If you have any questions, please feel free to contact me at (603) 957-5558.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kelly Hartnett', is written over a horizontal line.

Kelly Hartnett, M.Ed.
Vice President, Community Relations



TOWN OF EXETER, NEW HAMPSHIRE
HUMAN SERVICES
FY 2026

Organization's Name: Seacoast Mental Health Center, Inc.

Year Founded: 1963

Address: 1145 Sagamore Ave, Portsmouth, NH 03801 / 30 Magnolia Lane, Exeter, NH 03833

Executive Director/ Board Chair: Jay Couture, President & CEO
Monica Kieser, Board Chair

Tax ID Number: 02-0262862

Applicant Contact: Kelly Hartnett, VP of Community Relations

Email: khartnett@smhc-nh.org

Address: 1145 Sagamore Ave, Portsmouth, NH 03801

Phone: 603-957-5885

Organization's Mission Statement and State of Grant Purpose.

The mission of Seacoast Mental Health Center is to provide a broad, comprehensive array of high-quality, effective, and accessible mental health services to residents of the eastern half of Rockingham County.

This grant will be used to provide mental health services to eligible Exeter residents and families.

Brief description of how the money will be specifically utilized for Exeter residents:

The funding received from the Town of Exeter helps to subsidize the cost of mental health services to Exeter residents that are not fully covered by private insurance, Medicare, Medicaid, or State funding. SMHC is anticipated many patients to lose Medicaid coverage in the upcoming year; funds will help offset service costs.

% of overall services that go to Exeter residents: 12.20%

of Exeter residents served: 764 residents in FY24; in May 2025, SMHC had 180 active patients living in Exeter or 18% of the total patient population

List all geographic area(s) served by the organization: Brentwood, Deerfield, East Kingston, Epping, Exeter, Fremont, Greenland, Hampton Falls, Hampton/Hampton Beach, Kensington, Kingston, New Castle, Newfields, Newington, Newmarket, North Hampton, Northwood, Nottingham, Portsmouth, Raymond, Rye, Seabrook, South Hampton, Stratham

Total Municipal Contributions in 2025: \$40,355

List each town that contributes and the amount received: -

Town	FY2023 Amount Received
Deerfield	\$950
Exeter	\$9,000
Fremont	\$2,000
Hampton	\$8,000
New Castle	\$1,000

Newington	\$2,205
Nottingham	\$1,000
Portsmouth	\$12,500
Rye	\$6,000
South Hampton	\$200
Stratham	\$3,000

Organization's total projected budget for FY 2026: \$ 24,961,608

Amount Requested: \$9,000

Additional Information Required:

Please supply the following items for a complete application to be considered:

- Provide a narrative, not to exceed two pages in size 12 font.
 - Organization's overview
 - Program changes and/ or highlights from the past year.
- FY24 funded organizations must submit a brief summary of how those funds were used to support Exeter residents.
 - If you organization is requesting an increase in funding for FY26, submit justification of increased need.
- Complete financial statements
 - Operating budget
 - Balance sheet

I certify to the best of my knowledge that the information in this proposal reflects accurate data concerning needs and estimates of planned/services delivery. The proposal was considered and approved for submission by the agency's Board of Directors on July 21, 2025.

By signing this application, the undersigned offers and agrees, if the proposal is accepted to furnish items or services that are quoted. This agreement is subject to final negotiation and acceptance by the Select Board and the Budget Review Committee and subsequent contract award.

Director's (or Designee) Signature:  Date: 7/22/2025

Submit no later than July 31, 2025:

Town of Exeter
Town Manager
10 Front Street
Exeter, NH 03833

Established in 1963 to address the mental health care needs of the New Hampshire Seacoast, Seacoast Mental Health Center, Inc. (SMHC) is one of ten state-designated community mental (CMHCs) health centers that together form the New Hampshire Community Behavioral Health Association (NHCBHA). SMHC operates as an independent non-profit organization led by a 15-member Board of Directors.

The mission of SMHC is to provide a broad, comprehensive array of high-quality, effective, and accessible mental health services to residents of the eastern half of Rockingham County. Services are available to children, adolescents, adults of all ages and levels of acuity, and families residing in SMHC's 24-town catchment region. Communities include Brentwood, Deerfield, East Kingston, Epping, Exeter, Fremont, Greenland, Hampton, Hampton Falls, Kensington, Kingston, New Castle, Newfields, Newington, Newmarket, North Hampton, Northwood, Nottingham, Portsmouth, Raymond, Rye, Seabrook, South Hampton, and Stratham.

SMHC understands the importance of being a trusted, transparent organization and prides itself on providing care regardless of the ability to pay. In FY24, SMHC allocated nearly \$950,000 in uncompensated care to patients who were underinsured or lost coverage to the Medicaid Unwind.

SMHC clinicians approach their work from an empowerment lens and encourage family units and/or individuals to build upon health, community, and resilience. Care is provided through a collaborative treatment model where services are designed to meet patients where they are both physically and psychologically.

As reflected in the board-approved strategic plan, SMHC is committed to expanding services and refining clinical operations. This is evidenced through the investment in staff professional development and the infusion of evidence-based practices.

SMHC has two office locations (Portsmouth and Exeter) and one 24-hour staffed, 8-bed group home (Greenland) for adults living with severe and persistent mental illness. Both offices offer 24/7 coverage for behavioral health crises via Emergency Services clinicians, who also staff the Exeter Hospital Emergency Department for such services.

In January 2022, SMHC emergency services operations were overhauled and expanded to include community-based mobile crisis teams with the New Hampshire Rapid Response Access Point. From July 1, 2023, to June 30, 2024, SMHC Mobile Crisis teams were deployed 400 times.

Services:

As the state-designated Community Mental Health Center, SMHC provides intake and assessment to determine clinical eligibility for state-defined mental health services. Depending on clinical diagnosis, severity of symptoms, and age of the patient, services range from

individual & group therapy, psychiatric services, targeted case management, substance use disorder care, and 24/7 emergency crisis stabilization.

In addition to state-designated programs, SMHC provides mental health services to those who do not meet state clinical eligibility criteria but still require medically necessary services. In addition, prescribers provide ASAM Level 1 Outpatient Substance Use Disorder services including Medically Assisted Treatment. Services also include programs for individuals experiencing First Episode Psychosis.

SMHC staff are co-located in over 20 schools throughout the catchment region to make services as accessible as possible.

Exeter:

- In March 2024, SMHC appointed Exeter Resident and Community Leader, Rachael Ela to the Board of Directors.
- Continued presence in Exeter Hospital Emergency Department and in-patient floors; in FY24, SMHC clinicians provided 2,220 services to 796 patients in the ED.
- Co-located Youth & Family Services in schools; Starting in Fall 2025, SMHC will have a clinician at Exeter High School two to three days/a week, a clinician at Cooperative Middle School two days/a week, and a clinician at Lincoln School two days/a week.
- Partnership with Exeter Housing Authority
- Relationship with Exeter Area Children's Community Fund
- Collaboration with Exeter Police and Fire Departments

Seacoast Mental Health Center, Inc.

FINANCIAL STATEMENTS

June 30, 2024

Seacoast Mental Health Center, Inc.
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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Seacoast Mental Health Center, Inc.
Portsmouth, New Hampshire

Opinion

We have audited the accompanying financial statements of Seacoast Mental Health Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seacoast Mental Health Center, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seacoast Mental Health Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Seacoast Mental Health Center, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seacoast Mental Health Center, Inc.'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 13 through 16 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kittell, Branagan + Sargent

Seacoast Mental Health Center, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,680,848
Accounts receivable (net of \$448,963 allowance)	1,553,339
Investments	12,763,362
Restricted cash	288,191
Prepaid expenses	<u>193,297</u>

TOTAL CURRENT ASSETS

16,479,037

PROPERTY AND EQUIPMENT - NET

878,294

TOTAL ASSETS

\$ 17,357,331

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 97,309
Deferred income	66,848
Accrued vacation	326,419
Accrued expenses	<u>1,649,660</u>

TOTAL CURRENT LIABILITIES

2,140,236

NET ASSETS

Net assets without donor restriction

15,217,095

TOTAL LIABILITIES AND NET ASSETS

\$ 17,357,331

See Notes to Financial Statements

Seacoast Mental Health Center, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2024

PUBLIC SUPPORT AND REVENUES

Public support -

Federal	\$ 186,062
State of New Hampshire - BMHS	2,136,739
Other public support	998,495
Total Public Support	<u>3,321,296</u>

Revenues -

Program service fees	18,326,732
Other revenue	1,444,921
Total Revenues	<u>19,771,653</u>

TOTAL PUBLIC SUPPORT AND REVENUES

23,092,949

OPERATING EXPENSES

BBH funded program services -

Children services	5,803,030
Emergency services	3,534,334
Adult services	11,369,592
Act Team	1,677,576
Substance Use Disorder	552,071
Fairweather Lodge	1,244,744
REAP	<u>369,458</u>

TOTAL EXPENSES

24,550,805

EXCESS OF PUBLIC SUPPORT AND

REVENUE OVER EXPENSES FROM OPERATIONS

(1,457,856)

OTHER INCOME

Investment Income	<u>1,497,876</u>
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TOTAL INCREASE IN NET ASSETS

40,020

NET ASSETS WITHOUT DONOR RESTRICTION, beginning

15,177,075

NET ASSETS WITHOUT DONOR RESTRICTION, ending

\$ 15,217,095

See Notes to Financial Statements

Seacoast Mental Health Center, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 40,020
Adjustments to reconcile to net cash provided by operations:	
Depreciation	168,737
Unrealized gain on investments	(940,088)
(Increase) decrease in:	
Accounts receivable - trade	(424,103)
Prepaid expenses	29,342
(Decrease) in:	
Accounts payable & accrued liabilities	687,350
Deferred income	<u>(18,683)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(457,425)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(203,885)
Investment activity, net	<u>(510,445)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(714,330)</u>
NET DECREASE IN CASH	(1,171,755)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>3,140,794</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,969,039</u>

See Notes to Financial Statements

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Seacoast Mental Health Center, Inc. (the Center) is a not-for-profit corporation, organized under New Hampshire law to provide services in the areas of mental health, and related non-mental health programs; it is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. In addition, the organization qualifies for the charitable contribution deduction under Section 170 (b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective July 1, 2018.

Under the provisions of the Guide, net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Basis of Accounting

Income and expenses are reported on the accrual basis, which means that income is recognized as it is earned, and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

Income Taxes

Consideration has been given to uncertain tax positions. The federal income tax returns for the years ended after June 30, 2021, remain open for potential examination by major tax jurisdictions, generally for three years after they were filed.

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Related Organizations

The Center leases property and equipment from Seacoast Mental Health Center Resource Group, Inc. - a related non-profit corporation formed in 1985 for the benefit of Seacoast Mental Health Center, Inc. Seacoast Mental Health Center Resource Group was formed to support the operations of Seacoast Mental Health Center, Inc. by managing and renting property and raising other funds on its behalf.

Depreciation

The cost of property, equipment and leasehold improvements is depreciated over the estimated useful life of the assets using the straight line method. Assets deemed to have a useful life greater than three years are deemed capital in nature. Estimated useful lives range from 3 to 30 years.

State Grants

The Center receives a number of grants from and has entered into various contracts with the State of New Hampshire related to the delivery of mental health services.

Vacation Pay and Fringe Benefits

Vacation pay is accrued and charged to the programs when earned by the employee. Fringe benefits are allocated to the appropriate program expense based on the percentage of actual time spent on the programs.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded based on the amount billed for services provided, net of respective allowances.

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Client Service Revenue

The Center recognizes client service revenue in accordance with ASC Topic 606. Client Service Revenue is reported at the amount that reflects the consideration the corporation expects to receive in exchange for the services provided. These amounts are due from patients or third-party payers and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Client service revenue is recognized as performance obligations are satisfied. The Center recognized revenue for mental health services in accordance with ASC 606, Revenue for contracts with Customers. The Center has determined that these services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. The Center receives revenues for services under various third-party payer programs which include Medicaid and other third-party payers. The transaction price is based on standard charges for services provided to residents, reduced by applicable contractual adjustments, discounts, and implicit pricing concessions. The estimates of contractual adjustments and discounts are based on contractual agreements, discount policy, and historical collection experience. The corporation estimates the transaction price based on the terms of the contract with the payer, correspondence with the payer and historical trends.

Client service revenue (net of contractual allowances and discounts but before taking account of the provision for bad debts) recognized during the year ended June 30, 2024 totaled \$18,326,732 of which \$17,730,226 was revenue from third-party payors and \$596,506 was revenue from self-pay clients.

Third Party Contractual Arrangements

A significant portion of patient revenue is derived from services to patients insured by third-party payors. The center receives reimbursement from Medicare, Medicaid, Blue Cross, and other third-party insurers at defined rates for services rendered to patients covered by these programs.

The difference between the established billing rates and the actual rate of reimbursement is recorded as allowances when recorded. A provision for estimated contractual allowances is provided on outstanding patient receivables at the balance sheet date.

New Accounting Standards - Adoption of FASB ASU 2016-13 and Related Standards

On July 1, 2023, the Center adopted FASB ASU 2016-03, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Center adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the center's financial statements but did change how the allowance for doubtful accounts and credit losses is determined.

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Allowance for Credit Losses

In evaluating the collectability of accounts receivable, the Center uses relevant available information, from internal and external sources, relating to past events, current conditions, reasonable and supportable forecasts, and analyzes trends for each major payer source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts. Data in each major payer source is regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to clients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established for amounts outstanding for an extended period of time and for third-party payers experiencing financial difficulties; for receivables relating to self-pay clients, a provision for bad debts is made in the period services are rendered based on experience indicating the inability or unwillingness of clients to pay amounts for which they are financially responsible.

The Center has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 31-60 days past due, 61-90 days past due, and more than 90 days past due). The center believes the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2024 because the compositions of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its services provided to clients have not changed significantly over time). Additionally, the center has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for doubtful accounts was \$448,963 for the year ended June 30, 2024.

NOTE 2 CLIENT SERVICE REVENUES FROM THIRD PARTY PAYORS

The Center has agreements with third-party payors that provide payments to the Center at established rates. These payments include:

New Hampshire and Managed Medicaid

The Center is reimbursed for services from the State of New Hampshire and Managed Care Organizations (MCOs) for services rendered to Medicaid clients. Payments for these services are received in the form of monthly capitation amounts that are predetermined in a contractual agreement with the MCOs.

Approximately 81% of net client service revenue is from participation in the state and managed care organization sponsored Medicaid programs for the year ended June 30, 2024. Laws and regulations governing the programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates could change materially in the near term.

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 CLIENT SERVICE REVENUES FROM THIRD PARTY PAYORS (continued)

As part of the contractual arrangement with the MCOs, the Center is required to provide a specific amount of services under an arrangement referred to as a Maintenance of Effort (MOE). Under the MOE, if levels of service are not met the Center may be subject to repayment of a portion of the revenue received. The MOE calculation is subject to interpretation and a source of continued debate and negotiations with MCOs. This MOE calculation may result in a liability that would require a payback to the MCOs. Due to workforce challenges and a significant retroactive rate adjustments throughout the year, the Center was unable to meet the MOE requirements for all three MCO's. The Center's estimated total payback of \$601,529 is recorded as an accrued expense.

NOTE 3 ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE - TRADE

Due from clients	\$ 143,366
Insurance companies	436,282
Medicaid receivable	218,139
Medicare receivable	<u>150,900</u>
	948,687
Allowance for doubtful accounts	<u>(448,963)</u>
	<u>499,724</u>

ACCOUNTS RECEIVABLE - OTHER

BMHS	398,515
HHS Mitigating Fund Grant	373,289
MCO Directed Payments	135,793
REAP	41,248
Exeter Hospital	38,182
System of Care	42,502
Other AR	<u>24,086</u>
	<u>1,053,615</u>

TOTAL ACCOUNTS RECEIVABLE	<u>\$ 1,553,339</u>
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Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 INVESTMENTS

The Center has invested funds with R.M. Davis Wealth Management. The approximate breakdown of these investments are as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
Cash & Money Market	\$ 1,029,034	\$ -	\$ 1,029,034
Fixed Income	5,685,760	(170,417)	5,515,343
Equities	3,332,638	1,845,779	5,178,417
Exchange Traded Funds	568,082	60,693	628,775
Mutual Funds	362,500	(45,775)	316,725
Other Assets	<u>86,914</u>	<u>8,154</u>	<u>95,068</u>
	<u>\$ 11,064,928</u>	<u>\$ 1,698,434</u>	<u>\$ 12,763,362</u>

Investment income consisted of the following:

Interest and dividends	\$ 386,697
Realized losses	210,844
Unrealized gains	940,088
Fee expenses	<u>(39,753)</u>
TOTAL	<u>\$ 1,497,876</u>

NOTE 5 FAIR VALUE MEASUREMENTS

Professional accounting standards established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

- Level 1- Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2- Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3- Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 FAIR VALUE MEASUREMENTS (continued)

All investments are categorized as Level 1 and recorded at fair value, as of June 30, 2024. As required by professional accounting standards, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment, at cost, consists of the following:

Furniture, fixtures and computer equipment	\$ 1,565,665
Accumulated depreciation	<u>(687,371)</u>
Net Book Value	<u>\$ 878,294</u>

NOTE 7 LINE OF CREDIT

As of June 30, 2024, the Center had available a line of credit from a bank with an upper limit of \$500,000. At that date, \$-0- had been borrowed against the line of credit. These funds are available with an interest rate of The Wall Street Journal Prime Rate, floating with a floor rate of 4.25%. The line of credit is due on demand.

NOTE 8 DEFERRED INCOME

Alliance for Greater Good	\$ 11,000
Bauman Foundation	14,315
Foundation for Seacoast Health	15,000
NH Charitable Foundation	18,858
Other grants	<u>7,675</u>
TOTAL	<u>\$ 66,848</u>

NOTE 9 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2024, the Center collected \$84,000 from Seacoast Mental Health Center Resource Group, Inc. (Resource Group) in management fees for administrative services.

A line of credit is available to the Center from Resource Group with a limit of \$500,000. Interest is charged at prime plus 1%. As of June 30, 2024, \$-0- had been borrowed against the line of credit and the interest rate was The Wall Street Journal Prime Rate, plus one (9.50% at June 30, 2024). During the year ended June 30, 2024, \$-0- was paid to the Resource Group in interest related to this line of credit.

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 9 RELATED PARTY TRANSACTIONS (continued)

Operating Leases

During the year ended June 30, 2024, the Center rented properties and equipment from the Resource Group on a month to month basis. Total rent paid for the year was \$834,262 and \$101,412 for property and equipment, respectively. The Center is obligated to the Resource Group under cancelable leases to continue to rent these facilities and equipment at an annual rate of approximately \$935,674. The annual rates of rents are revisited on an annual basis.

NOTE 10 EMPLOYEE BENEFIT PLAN

The Center has the option to make contributions to a tax-sheltered annuity on behalf of its employees. This program covers substantially all full-time employees. During the year ended June 30, 2024, contributions of \$609,983 were made by the Center to the plan.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

Cash deposits in the Center's accounts at June 30, 2024 consist of the following:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC*	\$ 1,969,039	\$ 2,013,442

The differences between book and bank balances are reconciling items such as deposits in transit and outstanding checks.

* The Center has entered into an Insurance Cash Sweep Deposit Placement Agreement which places funds into deposit accounts at receiving depository institutions from the Center's transaction account with Destination Institutions. Each Destination Institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to the current maximum deposit insurance amount of \$250,000. Included in cash insured by FDIC as of June 30, 2024, is \$1,763,442 deposited at Destination Institutions through the Insured Cash Sweep service.

The Center grants credit without collateral to its clients, most of who are area residents and are insured under third-party payor agreements. The mix of receivables due from clients and third-party payors at June 30, 2024 is as follows:

Due from clients	15 %
Insurance companies	46
Medicaid	23
Medicare	<u>16</u>
	<u>100 %</u>

Seacoast Mental Health Center, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 LIQUIDITY

The following reflects the Center's financial assets available within one year for general expenditures as of June 30, 2024 :

Cash and Cash Equivalents	\$ 1,680,848
Accounts Receivable	1,553,339
Investments	<u>12,763,362</u>
 Financial assets available within one year for general expenditures	 <u>\$ 15,997,549</u>

As part of the Center'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.

NOTE 13 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Center has evaluated subsequent events through October 22, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2024, have been incorporated into the basic financial statements herein.

SUPPLEMENTARY INFORMATION

Seacoast Mental Health Center, Inc.
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Year Ended June 30, 2024

	<u>Accounts Receivable Beginning of Year</u>	<u>Gross Fees</u>	<u>Contractual Allowances and Other Discounts Given</u>	<u>Cash Receipts</u>	<u>Bad Debts and Other Charges</u>	<u>Accounts Receivable End of Year</u>
CLIENT FEES	\$ 434,806	\$ 1,713,323	\$ (1,116,817)	\$ (887,946)	\$ -	\$ 143,366
MEDICAID	280,999	16,227,652	(1,337,493)	(14,953,019)	-	218,139
MEDICARE	158,291	1,373,611	(776,593)	(604,409)	-	150,900
OTHER INSURANCE	358,630	3,772,387	(1,529,338)	(2,165,397)	-	436,282
ALLOWANCE FOR UNCOLLECTIBLES	<u>(440,685)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,278)</u>	<u>(448,963)</u>
TOTAL	<u>\$ 792,041</u>	<u>\$ 23,086,973</u>	<u>\$ (4,760,241)</u>	<u>\$ (18,610,771)</u>	<u>\$ (8,278)</u>	<u>\$ 499,724</u>

Seacoast Mental Health Center, Inc.
ANALYSIS OF BMHS REVENUES, RECEIPTS AND RECEIVABLES
For the Year Ended June 30, 2024

	Receivable From BMHS Beginning of Year	BMHS Revenues Per Audited Financial Statements	Receipts for Year	Receivable From BMHS End of Year
CONTRACT YEAR, June 30, 2024	\$ 268,418	\$ 2,136,739	\$ (2,006,642)	\$ 398,515

Analysis of Receipts: Date of Receipt	Amount
7/20/2023	\$ 16,076
7/24/2023	90,007
7/26/2023	13,161
8/3/2023	26,191
8/4/2023	14,661
8/7/2023	39,277
8/23/2023	6,250
8/24/2023	68,285
8/31/2023	20,482
9/7/2023	10,192
9/26/2023	27,973
10/11/2023	6,109
10/13/2023	187,482
10/20/2023	6,256
11/1/2023	84,903
11/7/2023	6,028
11/14/2023	1,920
11/22/2023	54,370
11/29/2023	8,567
12/1/2023	8,267
12/4/2023	151,274
12/11/2023	32,682
12/20/2023	86,277
12/28/2023	221,291
1/29/2024	128,110
2/1/2024	12,350
2/2/2024	26,962
2/16/2024	135,552
2/27/2024	44,185
3/18/2024	5,887
3/19/2024	8,115
3/20/2024	142,056
3/27/2024	22,313
3/28/2024	49,305
4/5/2024	3,333
4/23/2024	120,883
4/29/2024	9,646
4/30/2024	6,201
5/13/2024	6,962
5/21/2024	48,110
6/3/2024	4,726
6/27/2024	43,965
	<u>\$ 2,006,642</u>

Seacoast Mental Health Center, Inc.
STATEMENT OF FUNCTIONAL PUBLIC SUPPORT AND REVENUES
For the Year Ended June 30, 2024

	Total Agency	Admin.	Total Programs	Children	Emergency Services	Adult Services	Act Team	Substance Use Disorder	Fairweather Lodges	REAP
Program Service Fees:										
Net Client Fee	\$ 596,506	\$ -	\$ 596,506	\$ 259,838	\$ 21,764	\$ 310,639	\$ 9,917	\$ (3,276)	\$ (1,060)	\$ (1,316)
Medicare	597,018	-	597,018	(50,942)	20,378	598,954	24,034	4,594	-	-
Medicaid	14,890,159	-	14,890,159	6,428,063	306,027	6,892,865	523,490	253,427	486,287	-
Other Insurance	2,243,049	-	2,243,049	624,327	221,911	1,344,815	38,567	13,429	-	-
Public Support - Other:										
Local/County Government	447,604	5,000	442,604	8,421	329,183	105,000	-	-	-	-
Donations/Contributions	550,208	106,529	443,679	152,900	8,266	77,410	4,709	55,614	3,270	141,510
DCYF	683	-	683	683	-	-	-	-	-	-
Federal Funding:										
Other Federal Grants	186,062	-	186,062	70,702	-	16,192	-	-	-	99,168
BMHS										
Community Mental Health	2,136,739	73,829	2,062,910	10,599	993,188	693,496	239,894	-	-	125,733
Other Revenues	<u>1,444,921</u>	<u>472,622</u>	<u>972,299</u>	<u>122,201</u>	<u>9,795</u>	<u>480,201</u>	<u>295,130</u>	<u>1,568</u>	<u>62,710</u>	<u>694</u>
	23,092,949	657,980	22,434,969	7,626,792	1,910,512	10,519,572	1,135,741	325,356	551,207	365,789
Administration	-	(657,980)	657,980	223,682	56,032	308,521	33,309	9,542	16,166	10,728
TOTAL PUBLIC SUPPORT AND REVENUES	<u>\$ 23,092,949</u>	<u>\$ -</u>	<u>\$ 23,092,949</u>	<u>\$ 7,850,474</u>	<u>\$ 1,966,544</u>	<u>\$ 10,828,093</u>	<u>\$ 1,169,050</u>	<u>\$ 334,898</u>	<u>\$ 567,373</u>	<u>\$ 376,517</u>

Seacoast Mental Health Center, Inc.
STATEMENT OF PROGRAM SERVICE EXPENSES
For the Year Ended June 30, 2024

	Total Agency	Admin.	Total Programs	Children	Emergency Services	Adult Services	Act Team	Substance Use Disorder	Fairweather Lodges	REAP
Personnel Costs:										
Salary and wages	\$ 16,346,516	\$ 941,593	\$ 15,404,923	\$ 3,646,228	\$ 2,477,800	\$ 7,133,027	\$ 1,057,046	\$ 368,345	\$ 617,239	\$ 105,238
Employee benefits	3,293,124	271,305	3,021,819	841,851	338,633	1,429,130	175,593	57,092	152,264	27,256
Payroll Taxes	1,091,906	59,292	1,032,614	243,769	174,017	474,382	64,168	26,216	43,082	6,980
Professional Fees:										
Accounting/audit fees	46,971	2,525	44,446	11,197	6,812	20,123	2,887	1,053	1,966	408
Legal fees	119,731	855	118,876	5,500	937	84,154	27,712	166	338	69
Other professional fees	237,517	454	237,063	32,433	12,637	35,208	5,333	2,122	3,547	145,783
Staff Devel. & Training:										
Journals & publications	1,119	-	1,119	105	-	229	-	-	785	-
In Service Training	25	25	-	-	-	-	-	-	-	-
Conferences & conventions	13,174	1,872	11,302	5,003	504	4,080	180	406	487	642
Other Staff Development	5,576	310	5,266	2,442	206	1,809	182	42	570	15
Occupancy costs:										
Rent	840,491	253,307	587,184	127,418	40,029	231,482	36,041	15,714	132,661	3,839
Other Utilities	112,062	25,664	86,398	18,552	5,898	33,797	5,364	2,318	19,939	530
Maintenance & repairs	152,489	36,785	115,704	20,899	6,749	39,475	5,978	2,571	39,437	595
Consumable Supplies:										
Office	45,975	16,962	29,013	7,695	3,069	11,851	1,801	688	3,650	259
Building/household	53,581	11,053	42,528	7,591	2,454	14,291	2,126	955	14,632	479
Medical	2,628	164	2,464	486	171	1,437	174	186	8	2
Other/Software Subscriptions	683,312	176,731	506,581	118,729	56,480	229,072	35,804	9,625	20,563	36,308
Depreciation	168,737	45,353	123,384	30,852	16,401	57,845	8,970	2,641	5,506	1,169
Equipment rental	99,999	23,707	76,292	16,619	8,282	30,108	5,943	1,409	13,340	591
Advertising	4,234	1,006	3,228	1,015	108	1,566	149	279	103	8
Printing	13,973	2,562	11,411	1,783	2,732	3,381	628	174	672	2,041
Telephone/communications	232,877	39,555	193,322	47,035	39,257	74,232	14,272	4,549	11,722	2,255
Postage/shipping	10,817	1,800	9,017	2,154	1,351	3,951	747	210	430	174
Transportation:										
Staff	279,181	3,423	275,758	66,112	24,089	105,331	69,737	3,434	4,853	2,202
Assist to Individuals:										
Client services	348,308	5,665	342,643	3,584	1,979	302,694	943	245	32,547	651
Insurance:										
Malpractice/bonding	78,521	26,069	52,452	12,978	4,160	23,571	3,739	1,634	5,998	372
Vehicles	4,285	-	4,285	-	-	728	728	-	2,829	-
Comp. Property/liability	125,964	49,872	76,092	18,861	5,982	34,189	5,425	2,353	8,737	545
Membership Dues	1,739	-	1,739	466	282	751	113	26	81	20
Other Expenditures	135,973	27,672	108,301	32,890	11,712	49,642	7,383	2,069	4,060	545
	24,550,805	2,025,581	22,525,224	5,324,247	3,242,731	10,431,536	1,539,166	506,522	1,142,046	338,976
Admin. Allocation	-	(2,025,581)	2,025,581	478,783	291,603	938,056	138,410	45,549	102,698	30,482
TOTAL PROGRAM EXPENSES	\$ 24,550,805	\$ -	\$ 24,550,805	\$ 5,803,030	\$ 3,534,334	\$ 11,369,592	\$ 1,677,576	\$ 552,071	\$ 1,244,744	\$ 369,458