

**SOUTHWEST ARKANSAS COUNSELING AND
MENTAL HEALTH CENTER, INC.**

**FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION**

JUNE 30, 2022 AND 2021

(WITH INDEPENDENT AUDITOR'S REPORTS THEREON)

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southwest Arkansas Counseling and Mental Health Center, Inc.
Texarkana, Arkansas

Opinion

We have audited the accompanying financial statements of Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and program costs (by cost center) for the years 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 the Center, as of June 30, 2022 and 2021, and the changes in its net assets, cash flows, and program costs (by cost center) for the years 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 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 Financial Statements section of our report. We are required to be independent of Southwest Arkansas Counseling and 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 opinions.

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, and for 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.

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

Board of Directors of
Southwest Arkansas Counseling and Mental Health Center, Inc.

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 and *Government 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 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 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 the Center'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 the Center'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of activities by funding source and the schedule of revenues and expenses – budget and actual (DWI) are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the Arkansas Department of Human Services' *Audit Guidelines* and is also not a required part of the financial statements. The combining schedule of activities by funding source, schedule of revenues and expenses – budget and actual (DWI), schedule of expenditures of federal awards and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

FINANCIAL STATEMENTS

Board of Directors of
Southwest Arkansas Counseling and Mental Health Center, Inc.

Supplementary Information (Continued)

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 combining statement of activities by funding source, schedule of revenues and expenses – budget and actual (DWI), schedule of expenditures of federal awards and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the 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 March 13, 2023, on our consideration of the Center'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 the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Reports on Other Legal and Regulatory Requirements

In accordance with the Arkansas Department of Human Services' *Audit Guidelines*, we have issued our report dated March 13, 2023, on management of Southwest Arkansas Counseling and Mental Health Center, Inc.'s assertion that the Center maintained effective control over compliance with the statistical information system for documenting and appropriately reporting data regarding staff activities, units of service, and recipients of services. The purpose of that report is to describe the scope of our testing of management's assertion of internal control over compliance with the statistical information system and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. In addition, we have also issued our report on the schedules of statistical data and units of service of the Center. These reports are an integral part of an audit performed in accordance with Arkansas Department of Human Services' *Audit Guidelines*.


CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 13, 2023

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 3,667,161	\$ 3,560,800
Investments at Cost	100,000	100,000
Accounts Receivable, Net	565,452	935,112
Prepaid Expenses	51,841	50,879
Accrued Interest and Other	1,391	15,559
Intangible Assets - Net	252	1,009
Land, Buildings and Equipment - Net	1,735,123	1,673,499
Total Assets	6,121,220	6,336,858
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	356,075	513,468
Accrued Payroll Liabilities	473,286	512,741
Notes Payable - Current	13,381	11,740
Notes Payable - Long-Term	276,514	289,785
Deferred Revenue	12,858	12,867
Total Liabilities	1,132,114	1,340,601
Net Assets		
Without Donor Restrictions	4,965,776	4,964,693
With Donor Restrictions	23,330	31,564
Total Net Assets	4,989,106	4,996,257
Total Liabilities and Net Assets	\$ 6,121,220	\$ 6,336,858

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

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets without Donor Restrictions:		
Revenues and Other Support without Donor Restrictions:		
Patient Service Revenue	\$ 3,591,141	\$ 5,357,258
Charitable Allowance	(57,920)	(74,607)
Gross Patient Service Revenue	<u>3,533,221</u>	<u>5,282,651</u>
Contractual Adjustments	(238,760)	(493,601)
Provision for Bad Debts	(422,820)	(681,352)
Net Patient Service Revenue	<u>2,871,641</u>	<u>4,107,698</u>
Program Revenue	3,179,604	3,521,887
Investment Income	63,288	85,763
Gain (Loss) on Disposal of Fixed Assets	(2,865)	16,347
Gain on Extinguishment of Debt	-	1,408,951
Rental Income	55,315	65,235
Miscellaneous Income	183,542	239,653
Total Revenues without Donor Restrictions	<u>6,350,525</u>	<u>9,445,534</u>
Net Assets Released from Restrictions:		
Satisfaction of Program Restrictions	1,332,252	1,360,033
Total Net Assets Released from Restrictions	<u>1,332,252</u>	<u>1,360,033</u>
Total Revenues and Other Support without Donor Restrictions	<u>7,682,777</u>	<u>10,805,567</u>
Expenses:		
Program Services:		
Mental Health	3,824,905	4,081,717
Split Rail Mental Health Treatment Program	31,829	1,255,469
Horizon Mental Health Treatment Program	1,045,081	1,000,274
Youth Services	1,183,646	1,194,545
Foster Care	507,808	598,638
Acute Care	106,975	214,607
Substance Abuse	260,646	288,188
River Ridge Treatment Program	617,951	571,349
County Heights	102,853	146,152
Total Program Services	<u>7,681,694</u>	<u>9,350,939</u>
Change in Net Assets without Donor Restrictions	<u>1,083</u>	<u>1,454,628</u>
Changes in Net Assets with Donor Restrictions:		
Federal, State and Local Grant Programs	1,255,467	1,267,151
Other Federal, State, and Local Grants	68,551	106,529
Net Assets Released from Restrictions	(1,332,252)	(1,360,033)
Increase (Decrease) in Net Assets with Donor Restrictions	<u>(8,234)</u>	<u>13,647</u>
Increase (Decrease) in Net Assets	<u>(7,151)</u>	<u>1,468,275</u>
Net Assets - Beginning of Year	<u>4,996,257</u>	<u>3,527,982</u>
Net Assets - End of Year	<u>\$ 4,989,106</u>	<u>\$ 4,996,257</u>

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

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash Received for Services Provided	\$ 7,997,948	\$ 9,246,017
Cash Paid to Employees and Suppliers	(7,744,242)	(9,104,942)
Interest Paid	(13,538)	(23,140)
Interest and Investment Distributions Received	63,288	8,164
Net Cash Provided by Operating Activities	303,456	126,099
Cash Flows from Investing Activities:		
Sale of Property and Equipment	2,660	16,347
Purchases of Property and Equipment	(188,125)	(70,969)
Net Cash Used by Investing Activities	(185,465)	(54,622)
Cash Flows from Financing Activities:		
Payments on Notes Payable	(11,630)	(13,055)
Net Cash Used by Financing Activities	(11,630)	(13,055)
Net Increase in Cash and Cash Equivalents	106,361	58,422
Cash and Cash Equivalents at Beginning of Year	3,560,800	3,502,378
Cash and Cash Equivalents at End of Year	3,667,161	3,560,800
 Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Net Assets	(7,151)	1,468,275
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	121,733	127,211
Loss (Gain) on Disposal of Fixed Assets	2,865	(16,347)
Gain from PPP Loan Forgiveness	-	(1,401,158)
Bad Debts	422,820	681,352
Contractual Adjustments	238,760	493,601
Charitable Allowance	57,920	74,607
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(349,840)	(1,382,920)
(Increase) Decrease in Accrued Interest	14,168	(14,168)
(Increase) Decrease in Prepaid Expense	(962)	51,985
Increase (Decrease) in Accounts Payable	(157,393)	134,775
Increase (Decrease) in Accrued Payroll Liabilities	(39,455)	(91,114)
Increase (Decrease) in Deferred Revenues	(9)	-
Net Cash Provided by Operating Activities	\$ 303,456	\$ 126,099
Noncash Activities		
Arkansas Highway and Transportation Department Grant	\$ -	\$ 20,585
PPP Loan Forgiveness	-	1,401,158
Total Noncash Activities	\$ -	\$ 1,421,743

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

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
STATEMENT OF PROGRAM COSTS (BY COST CENTER)**

YEAR ENDED JUNE 30, 2022

Cost Category	Split Rail		Horizon		Foster Care	Acute Care	Substance Abuse	River Ridge	County Heights	Total Costs
	Mental Health Program	Mental Health Treatment Program	Youth Services	Mental Health Treatment Program						
Acute Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,975	\$ -	\$ -	\$ -	\$ 106,975
Auto Expense	1,533	21	595	3,890	-	-	953	-	835	7,827
Board Expense	6,989	-	-	-	-	-	-	-	-	6,989
Client Medical Expense/Transportation	7	-	-	3,998	-	-	-	-	-	4,005
Clinical Expense	1,814	-	108	-	78	-	-	-	-	2,000
Conference and Registration	5,836	-	70	-	945	-	-	-	-	6,851
Data Processing Expense	84,236	-	21,655	25,780	4,125	-	13,406	2,062	2,062	156,420
Depreciation and Amortization	75,790	965	5,805	2,863	-	-	20,704	14,595	14,595	121,733
Drug Expense	1,554	-	2,569	3,130	-	-	2,915	-	-	12,587
Dues and Publications	23,294	-	1,351	-	950	-	80	-	-	25,675
Food	12,948	12	1,088	29,194	23	-	46,064	-	-	89,329
Fringe Benefits	407,839	5,397	134,689	137,540	23,182	-	68,658	9,374	9,374	821,027
Insurance	78,765	(28)	31,126	48,631	4,794	-	18,733	3,945	3,945	192,753
Interest Expense	13,538	-	-	-	-	-	-	-	-	13,538
Janitorial Services and Supplies	70,105	-	493	2,320	85	-	19,358	2,244	2,244	94,795
Legal and Accounting Fees	42,903	-	9,902	14,007	1,779	-	6,498	1,005	1,005	78,570
Miscellaneous	21,438	-	207	2,090	5,177	-	1,365	1,534	1,534	32,259
Office Supplies	12,599	81	4,214	1,147	131	-	1,469	255	255	21,940
Other Purchased Services	283,382	-	111,333	16,050	281,742	-	21,443	-	-	714,000
Postage	10,240	39	170	488	-	-	-	-	-	11,505
Recreation and Resocialization	4,215	435	423	1,800	578	-	3,223	-	-	10,674
Recruitment and Training	22,274	-	-	40	-	-	-	-	-	22,314
Rent-Lease Payments	40,460	-	40,715	7,213	-	-	2,063	-	-	94,651
Repairs and Maintenance	36,946	-	588	1,515	75	-	17,121	1,823	1,823	58,423
Salaries	2,313,636	24,907	760,809	662,068	172,186	-	328,124	46,725	46,725	4,489,679
Small Furniture and Appliances	16,704	-	226	1,387	439	-	1,101	771	771	20,636
Telephone	143,988	-	12,582	30,496	1,404	-	8,006	9,523	9,523	213,661
Travel	28,579	-	32,700	1,369	10,115	-	2,254	175	175	85,837
Utilities	63,293	-	10,228	48,065	-	-	34,413	7,987	7,987	165,041
Total Program Costs	\$ 3,824,905	\$ 31,829	\$ 1,183,646	\$ 1,045,081	\$ 507,808	\$ 106,975	\$ 617,951	\$ 102,853	\$ 102,853	\$ 7,681,694

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

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
STATEMENT OF PROGRAM COSTS (BY COST CENTER)
YEAR ENDED JUNE 30, 2021

Cost Category	Mental Health	Split Rail Mental Health Treatment Program	Horizon Mental Health Treatment Program	Youth Services	Foster Care	Acute Care	Substance Abuse	River Ridge	County Heights	Total Costs
Acute Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,607	\$ -	\$ -	\$ -	\$ 214,607
Auto Expense	1,822	859	1,186	706	-	-	-	347	1,076	5,996
Board Expense	2,011	-	-	-	-	-	-	-	-	2,011
Client Medical Expense/Transportation	200	9,983	5,495	-	-	-	-	100	-	15,778
Clinical Expense	465	-	-	647	(35)	-	-	-	-	1,077
Conference and Registration	3,657	-	-	1,052	-	-	-	-	-	4,709
Data Processing Expense	91,976	24,201	15,611	16,471	2,279	-	4,892	9,709	2,128	167,267
Depreciation and Amortization	82,753	886	3,178	5,805	-	-	1,011	21,392	12,186	127,211
Drug Expense	10,331	2,606	2,343	1,639	23	-	2,843	2,682	18	22,485
Dues and Publications	21,755	32	21	398	954	-	10	9	3	23,182
Food	10,904	2,500	8,479	251	139	-	110	41,396	6	63,785
Fringe Benefits	454,870	154,564	144,748	138,863	12,704	-	38,638	61,693	18,340	1,024,420
Insurance	77,378	44,526	26,902	28,579	4,090	-	6,600	14,090	4,847	207,012
Interest Expense	23,140	-	-	-	-	-	-	-	-	23,140
Janitorial Services and Supplies	77,958	3,652	4,421	397	8	-	175	17,604	2,917	107,132
Legal and Accounting Fees	28,420	10,367	6,588	6,962	951	-	2,079	4,134	902	60,403
Miscellaneous	159,728	1,112	279	320	12,418	-	1,889	1,519	1,567	178,832
Office Supplies	2,288	665	1,047	3,939	283	-	1,519	1,381	454	11,576
Other Purchased Services	206,689	10,620	8,270	81,929	446,380	-	280	25,522	-	779,690
Postage	12,137	127	436	415	-	-	546	-	-	13,661
Recreation and Resocialization	4,950	2,173	2,772	151	1,356	-	-	2,762	8,400	22,564
Recruitment and Training	22,544	15	-	-	(65)	-	-	-	-	22,494
Rent-Lease Payments	40,375	2,977	3,757	45,986	250	-	4,200	2,182	-	99,727
Repairs and Maintenance	28,006	1,443	885	2,104	-	-	449	8,609	6,632	48,128
Salaries	2,469,876	868,086	679,579	796,678	99,254	-	206,043	310,926	72,334	5,502,776
Small Furniture and Appliances	13,965	15	-	1,099	182	-	-	6,953	304	22,518
Telephone	147,528	69,518	34,314	19,648	1,667	-	6,358	7,803	5,391	292,227
Travel	27,172	426	6,593	31,584	15,800	-	9,688	537	263	92,063
Utilities	58,819	44,116	43,370	8,922	-	-	858	29,999	8,384	194,468
Total Program Costs	\$ 4,081,717	\$ 1,255,469	\$ 1,000,274	\$ 1,194,545	\$ 598,638	\$ 214,607	\$ 288,188	\$ 571,349	\$ 146,152	\$ 9,350,939

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

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization – Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center) is a not-for-profit organization that provides counseling and mental health services to residents of Southwest Arkansas. As a not-for-profit organization, the Center is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation.

Financial Statement Presentation – The Center adopted the provisions of Accounting Standards Update 2016-14: *Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, which improves the current net asset classification and the related information presented in the financial statements and notes about the Center’s liquidity, financial performance, and cash flows. This standard requires the Center to report information regarding its financial position and activities according to two net asset classes: net assets with donor restrictions and net assets without donor restrictions.

Net Assets with Donor Restrictions – Funds restricted by the donor, grantor or other outside party for particular operating purposes are considered restricted assets when received and are considered to be released from restrictions when the Center incurs expenditures in compliance with the specific restrictions. Such amounts received but not earned are reported as net assets with donor restrictions. Fee-for-service contracts revenues are reported as increases in net assets without donor restrictions since services are provided prior to billing the funding agencies. The Center recognizes donor restricted revenues whose restrictions are met in the same reporting period as net assets with donor restrictions and as net assets released from restrictions on the statements of activities.

Land, Buildings and Equipment – Land, buildings and equipment are stated at historical cost or estimated fair market value at the date of receipt for donated assets. Expenditures for land, buildings and equipment in excess of \$1,000 are capitalized.

Depreciation – The Center provides for depreciation on the straight-line method over the estimated useful lives of the assets, which generally range from 3 years to 40 years.

Charitable Allowance – The Center provides services to uninsured self-pay patients that meet certain eligibility criteria. These amounts are deducted from gross patient revenues to arrive at net patient service revenue. Charitable allowances equaled \$57,920, and \$74,607 for the years ended June 30, 2022 and 2021, respectively.

Bad Debt Expense and Contractual Adjustment – Revenue is recorded at the Center’s standard rates, with contractual adjustments deducted pursuant to an agreement with third-party payer sources to arrive at total revenue. The allowance for doubtful accounts is based on an aged analysis of accounts receivable and historical collection data. Bad debts are recognized using the allowance method and are recorded as program costs for patients who are self-pay or covered by private insurance. Accounts are charged off only after all collection efforts have been exhausted.

Cash and Cash Equivalents - For purposes of presentation in the statements of cash flows, the Center considers restricted and unrestricted demand deposit accounts and certificates of deposit with original maturities of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2022 or 2021.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at Cost – During the year ended June 30, 2018, the Center purchased shares in Arkansas Provider Coalition, LLC, a Provider-led Arkansas Shared Savings Entity (PASSE). The PASSE is a model of organized care that addresses the needs of certain Medicaid beneficiaries who have complex behavioral health and intellectual and developmental disabilities service needs. The Center purchased one B1-unit share at a value of \$100,000, representing a 1.83% ownership interest in the PASSE.

The Center's investment in the PASSE is accounted for using the cost method. The aggregate cost of the Company's cost-method investments totaled \$100,000 as of June 30, 2022 and 2021. This investment was not evaluated for impairment because (a) it is not practicable to estimate its fair value due to insufficient information being available and (b) management did not identify any events or changes in circumstances that might have a significant adverse effect on the fair value of the PASSE. The Center received distributions of \$58,724 and \$77,599, respectively, for the year ended June 30, 2022 and 2021.

Accrued Compensated Absences – The Center recognizes the cost of employee absences in the period in which the benefits are earned and vested. The Center allows each employee to carry forward 200 hours each year past their anniversary date.

Program Cost Allocation Methods – The Center maintains separate cost centers for direct expenses for each program. Administrative expenses related to these program cost centers are allocated to the administrative cost center based on the ratio of administrative salaries to total salaries. Administrative and indirect costs are then re-allocated to program cost centers based on estimated utilization. Depreciation is allocated to cost centers based on fixed asset utilization.

Psychiatric Cost Allocation Methods – Allocation of mental health costs to each program is based on time studies.

Indigent Health Care Program – The Center provides care and treatment to those in their service area who meet the resource and income eligibility requirement and are unable to pay for such services at the time of service. See Note K for further disclosures of the Center's policy.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – The Center recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 applies to both contributions and exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Center records the following revenues in its statements of activities for the years ending June 30, 2022 and 2021:

Net Patient Service Revenue: Service revenue is recognized as the Center satisfies performance obligations under its contracts with patients. Service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. The Center determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third party-payers.

Program Revenues: The Center participates in expense-driven reimbursement programs and provides services to patients for which it requests reimbursements from third-party payers for expenses incurred related to the service. Revenue is recognized at the point that the Center satisfies their performance obligations under its contracts with patients. Additionally, the Center accounts for all government grants awards and contracts as exchange transactions. Contract awards are recorded as unrestricted revenue in the statements of activities to the extent that expenses, in compliance with the specific grant or contract requirements, have been incurred during the period. Grant revenues are divided over the period for which they are awarded and recognized accordingly.

Fund Type – The Center operates under a single fund structure. Separate program accounts are maintained for all federal and state grant proceeds in order to facilitate compliance with reporting requirements. Costs are recorded by program for direct expenses when costs can be specifically identified with a program. Other costs are allocated to programs as indicated on the previous page. Transfers of general revenues to various program accounts are made to cover any excess of expenses over revenues in those programs. In addition, excess revenues over expenses from performance-based contracts are transferred to the general operating accounts upon completion of the terms of the contract.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable are reported at their estimated net realizable value. Details of accounts receivable as of June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Medicare (Net)	\$ 27,395	\$ 38,494
Medicaid ARKids First	14,002	27,083
Medicaid Horizon	6,362	16,768
Medicaid / PASSE	131,047	167,413
Forensic	15,700	24,750
State Appropriations	60,837	66,361
DWI	-	20,730
Youth Services	88,900	250,609
Substance Abuse Contract	53,448	34,244
Foster Care	19,112	13,496
Other	33,053	34,059
USAC	7,685	85,945
River Ridge Assessment Fees	35,564	49,772
Split Rail Medicaid	2,985	34,308
Title XX	4,526	1,665
Self-Pay and Insurance Patients	766,794	672,909
Less Allowance for Doubtful Accounts	<u>(501,958)</u>	<u>(403,494)</u>
Total Accounts Receivable	765,452	1,135,112
*Reserve for Disallowed Charges	<u>(200,000)</u>	<u>(200,000)</u>
Net Accounts Receivable	<u>\$ 565,452</u>	<u>\$ 935,112</u>

* - This reserve was established as an allowance for future audits by funding agencies.

NOTE C – PREPAID EXPENSES

The following is a summary of the prepaid expenses as of June 30,

	<u>2022</u>	<u>2021</u>
Center Liability Insurance	\$ 43,191	\$ 45,253
Software Costs	8,650	5,626
Total Prepaid Expenses	<u>\$ 51,841</u>	<u>\$ 50,879</u>

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE D – LAND, BUILDINGS AND EQUIPMENT

The following is a summary of the cost and estimated lives of the property, land, buildings and equipment by category at June 30,

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,933,526	\$ 2,933,526	18-40 Yrs.
Computer Equipment	894,386	981,878	3-10 Yrs.
Computer Software	659,315	666,903	3-10 Yrs.
Furniture and Equipment	510,643	637,860	3-10 Yrs.
Automobiles	180,601	180,601	3 Yrs.
Building Improvements	718,951	561,143	10 Yrs.
	<u>5,897,422</u>	<u>5,961,911</u>	
Accumulated Depreciation	<u>(4,579,173)</u>	<u>(4,710,772)</u>	
	1,318,249	1,251,139	
Land	416,874	422,360	
Land, Buildings and Equipment (Net)	<u>\$ 1,735,123</u>	<u>\$ 1,673,499</u>	

NOTE E – ACCRUED PAYROLL LIABILITIES

The following is a summary of the accrued payroll liabilities as of June 30,

	<u>2022</u>	<u>2021</u>
Accrued Payroll	\$ 245,379	\$ 266,491
Accrued Vacation Payable	216,193	238,244
Accrued Payroll Taxes & Other Withholdings	11,714	8,006
Total Accrued Payroll Liabilities	<u>\$ 473,286</u>	<u>\$ 512,741</u>

NOTE F – LINE OF CREDIT

In a prior year, the Center obtained a \$400,000 line of credit from Farmers Bank and Trust Company. As of June 30, 2022 and 2021, no borrowings had occurred.

NOTE G – NOTES PAYABLE

During the year ended June 30, 2018, the Center purchased a building and financed \$343,400 of the purchase. The note had a term of five years, an interest rate of 4.5%, and a monthly payment of \$2,185. On November 1, 2022, the Center refinanced this note for an additional five years. The refinanced note has an interest rate of 6.25% and has a monthly payment of \$2,439.

On April 13, 2020, the Center obtained a loan from Farmers Bank & Trust Company in the aggregate amount of \$1,401,158, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE G – NOTES PAYABLE (CONTINUED)

The loan, which initially matured April 13, 2022, bears interest at 1.00% per annum and was repayable monthly commencing on October 13, 2020. The note could be prepaid by the Center at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the loan could be forgiven if they were used for qualifying expenses as described in the CARES Act. On November 2, 2020, the PPP loan was forgiven for the entire \$1,401,158, as well as \$7,793 in accrued interest expense; therefore, the Center recognized \$1,408,951 as gain on extinguishment of debt during the year ended June 30, 2021.

The amount of required principal payments as of June 30, 2022, is as follows:

Year Ended June 30,	
2023	\$ 13,381
2024	11,939
2025	12,765
2026	13,598
2027	14,485
2028	<u>223,727</u>
Total payments	289,895
Less current portion	(13,381)
Total long-term debt	<u>\$ 276,514</u>

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2022 and 2021, net assets with donor restrictions consisted of State Highway and Transportation Department grants in the amount of \$23,330 and \$31,564, respectively.

NOTE I – NET PATIENT SERVICE REVENUE AND THIRD-PARTY SETTLEMENTS

The Center has agreements with third-party payers that provide for reimbursement to the Center at amounts different from its established rates. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, fee schedules, per diems, discounts from established charges and prompt payment discounts. Contractual adjustments under third-party reimbursement programs represent the difference between the Center's established rates for services and amounts reimbursed by third-party payers. A summary of the basis for reimbursement with major third-party payers is as follows:

Services rendered to Medicaid and Medicare recipients are primarily reimbursed according to prospectively determined rates for outpatient services. These rates vary according to patient classification systems which are based on clinical, diagnostic, and other factors.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**NOTE I – NET PATIENT SERVICE REVENUE AND THIRD-PARTY SETTLEMENTS
(CONTINUED)**

The Center also has entered into contractual agreements with certain other commercial insurance carriers and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, per diems, fee schedules, discounted fee-for-service rates and other similar contractual arrangements. These revenues are also subject to review and audit by the payers.

Contractual adjustments arising under reimbursement agreements with third-party payers are estimated based on historical trends and management’s knowledge of changes in contractual agreements. These adjustments are recognized in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Center recognizes patient service revenue associated with services provided to patients based on standard rates. Gross revenues are adjusted by estimates for contractual adjustments under third-party reimbursement programs, indigent care allowances and bad debt allowances to arrive at net patient revenues. These allowance estimates are determined by analyzing historical and current collection data, as well as monitoring future changes in reimbursement that will be enacted.

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its history and identifies trends for each of its major payer sources of revenue to estimate the appropriate provisions and allowances for contractual adjustments, indigent care services and doubtful accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of allowances.

For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debt, if necessary.

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a significant provision for bad debt in the period of service on the basis of its experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

There were no significant changes in assumptions in calculating the allowance for self-pay patients between the years ended June 30, 2022 and 2021.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE J – OPERATING LEASES

The Center operates in various locations by leasing space and storage from other entities. The Center also leases equipment from other entities. Currently, all leases for space and storage are being paid on a month-to-month basis. The lease expense for the year ended June 30, 2022 and 2021, was \$96,451 and \$99,727, respectively.

The following is a summary of the Center's future minimum lease payments for equipment leases as of June 30, 2022:

June 30, 2023	\$	20,538
June 30, 2024		22,164
June 30, 2025		16,098
June 30, 2026		9,365
June 30, 2027		3,960
	\$	<u>72,125</u>

NOTE K – INDIGENT HEALTH CARE PROGRAM

The Center has an indigent health care program for new or existing patients depending on the circumstances of the patients served. The Center follows the requirements of the agreements that have been made with hospitals, community mental health centers and residential care facilities. Hospitalization and residential rates have been predetermined with other providers. Hospital care is limited to 3 days, and can only be resumed upon approval by the Center's Quality Assurance Director. If denied, the Center withdraws further care from the patient. Other indigent care is based on the *Federal Poverty Guidelines* (FPG) as published by the Department of Health and Human Services. Applicants must provide accurate proof of residency and financial information when completing the appropriate application. Misrepresentation of these facts may be cause for denial of assistance. Indigent care assistance is only considered after all efforts have been dismissed and efforts to obtain third-party coverage has been exhausted. This program does not discriminate based on race, religion, sex or national origin.

The Center maintains records to identify and monitor the level of indigent services it provides. These records include the number of charges foregone for services and supplies furnished without regard to the patient's ability to pay. The direct costs and expenses incurred to provide indigent services for the year ended June 30, 2022 and 2021, were \$106,975 and \$214,607, respectively.

NOTE L – CONCENTRATIONS AND CREDIT RISK

Revenue from the Medicaid and Medicare programs accounted for approximately 61.2% and 8.5% as of June 30, 2022, and 67.3% and 7.0% as of June 30, 2021, respectively of the Center's gross patient revenues.

The laws and regulations under which the Medicaid and Medicare programs operate are complex, subject to frequent change and are subject to interpretation appropriate to the circumstances. As part of operating under these programs, there is a possibility that governmental authorities may review the Center's compliance with these laws and regulations. Such reviews may result in adjustments to reimbursements previously received and subject the Center to fines and penalties. Management believes they have complied with the requirements of the Medicaid and Medicare programs, however \$200,000 has been reserved for future Medicaid and Medicare audits.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE L – CONCENTRATIONS AND CREDIT RISK (CONTINUED)

The Center provides mental health services to residents of Southwest Arkansas. Payment for these services is made by the clients or through funding agreements with the State of Arkansas, other third-party payors, and area industries. The Center could sustain losses to the extent of the outstanding receivables should the parties fail to perform as contracted.

The Center maintains its cash balances at several different financial institutions in Southwest Arkansas. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2022 and 2021, the Center's cash balances were underinsured by approximately \$2,086,453 and \$2,057,000, respectively.

NOTE M – CONTINGENCIES

The Center receives Medicaid funding by providing services to eligible clients. This funding is considered direct assistance to individuals and not federal financial assistance. Documentation of these services is subject to possible future audits by the funding agency which could result in the Center being required to refund some of the funds received for those services provided.

NOTE N – INCOME TAXES

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Center believes it is no longer subject to income tax examinations for years prior to 2019.

NOTE O – RETIREMENT PLAN

The Center provides a deferred tax shelter annuity program for all qualified employees. The plan is contributory and is funded through participant contributions and invested in individual annuity contracts. The Center ended its matching of funds in this deferred tax annuity program in May 2019.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE P – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center’s financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2022	2021
Financial assets at year-end:		
Cash and Cash Equivalents	\$ 3,667,161	\$ 3,560,800
Accounts Receivable, Net	565,452	935,112
Accrued Interest	1,391	1,391
<i>Total Financial Assets at Year-End</i>	4,234,004	4,497,303
 Less financial assets unavailable for general expenditures within one year, due to:		
Accounts Payable	356,075	513,468
Accrued Payroll Items	473,286	512,741
Required payments on long-term debt	13,381	11,740
<i>Total reduction in financial assets available for general expenditure within one year</i>	842,742	1,037,949
 Financial assets available to meet cash needs for general expenditure within one year	\$ 3,391,262	\$ 3,459,354

NOTE Q – SUBSEQUENT EVENTS

The Center has evaluated subsequent events through March 13, 2023, the date on which the financial statements were available to be issued, and has determined that the following disclosure is necessary.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption in people’s lives. In response to the COVID-19 pandemic, the United States Congress passed a Coronavirus Aid, Relief, and Economic Security Act (CARES Act), an aids package designed to help the economy as it suffers from the effects of the COVID-19 pandemic.

On November 1, 2022, the Center refinanced its note payable used to purchase a building during 2018. Additional details of the refinancing are included in Note G.

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INTERNAL CONTROL AND COMPLIANCE SECTION



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

To the Board of Directors of
Southwest Arkansas Counseling and Mental Health Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and program costs (by cost center) for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Board of Directors
Southwest Arkansas Counseling and Mental Health Center, Inc.

Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Thomas & Thomas PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 13, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Southwest Arkansas Counseling and Mental Health Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited Southwest Arkansas Counseling and Mental Health Center, Inc.'s (the Center) compliance with the types of compliance identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2022. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

Board of Directors
Southwest Arkansas Counseling and Mental Health Center, Inc.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Board of Directors
Southwest Arkansas Counseling and Mental Health Center, Inc.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thomas & Thomas PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 13, 2023

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I - Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements?	None Reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None Reported
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs.	Unmodified
Findings disclosed in the audit which are required to be reported in <i>Government Auditing Standards</i> .	Yes
Findings disclosed in the audit which are required to be reported in Accordance with 2 CFR 200.516(a)	None Reported
Programs audited as major:	
Block Grants for Community Mental Health Services	AL #93.958
Block Grants for Prevention and Treatment of Substance Abuse	AL #93.959
Threshold used to distinguish between Type A and Type B programs.	\$750,000
Southwest Arkansas Counseling and Mental Health Center, Inc. did not qualify as a low-risk entity.	

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings

Details of findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards* –

Finding Reference

2022-001 – Significant Deficiency

Criteria:

Internal controls should be established and implemented to enable management and employees to prevent, detect, and correct account misstatements on a timely basis. This includes the ongoing monitoring and reconciliation of accumulated items in various accounts such as the cash clearing, accounts payable, and other credible clearing accounts. A reconciliation of these accounts from the general ledger to the detail subledger should be prepared monthly to determine if all activity is posted correctly as of each month-end.

Condition:

In performing audit procedures for cash clearing, accounts payable, and insurance prepay credible accounts we noted the Center's balances included amounts that had not been completely reconciled and resulted in adjustments. This included items in the cash clearing account that had not been reclassified to other accounts, amounts posted to the accounts payable general ledger that were not recorded in the subledger detail as well as other unreconciled items from previous periods. Additionally, we noted amounts included in the Credible insurance prepayment liability account that were not reconciled from prior years. In reviewing the detailed activity for this account, we noted that the account included billings that occurred in a prior year as well as the forgiveness of insurance prepayments included in the Center's capitation agreement.

Context/Questioned Costs:

No questioned costs.

Effect:

An adjustment was made to the cash clearing account for \$72,276 to reclassify amounts received on the substance abuse SSBG grant. Additionally, the accounts payable and insurance prepaid credible liability accounts were overstated by \$12,602 and \$45,448, respectively.

Recommendation:

We recommend additional reviews of the cash clearing, accounts payable, and other liability items be performed monthly to ensure assets and liabilities are appropriately evaluated for existence and completeness. This includes, at a minimum, a variance analysis of the liability accounts from one period to the next, with any significant or unusual variances being investigated and addressed. Additionally, we recommend that the Center review the accounts payable subledger balance and ensure that it reconciles with the balance recorded per the general ledger at each month-end closing.

Views of Responsible Officials and Corrective Action Plan:

See corrective action plan on page 27.

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs

Details of findings and questioned costs relating to federal awards –

There were no reported findings or questioned costs related to federal awards.

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SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.

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NASHVILLE CENTER, 201 EAST HEMPSTEAD SUITE 1
P.O. BOX 576, NASHVILLE, ARKANSAS 71832
TELEPHONE (870) 845-3110

HOPE CENTER, 300 EAST 20TH
P.O. BOX 452, HOPE, ARKANSAS 71802-0452
TELEPHONE (870) 777-9051

Corrective Action Plan

March 13, 2023

RE: Finding 2022-001

Description of Significant Deficiency:

The auditors noted various amounts that were unreconciled in the cash clearing, accounts payable and insurance prepay credible accounts that resulted in several adjustments to the Center's financial statements. These amounts consisted of unreconciled items from previous periods that were not reconciled in a timely manner. Additionally, the Center's prepay credible account was not reconciled timely due to questions arising from the forgiveness of the Center's capitation agreement.

Corrective Action Plan:

All accounts receivable and Credible cash clearing reconciliations will be performed by the staff accountant and the contracted accounts receivable specialist each month, which will be reviewed by the CFO. These reconciliations will consist of checking accounts receivable payments against the bank reconciliations and Credible.

Additionally, the staff accountant will perform monthly reconciliations of the accounts payable account to ensure that the accounts payable accounts are properly reconciled each month and agreed to the general ledger amounts. These reconciliations will also be reviewed by the CFO.

Date Correction Completed:

May 31, 2023

Responsible Official:

Amy Coleman

Phone Number:

870-773-4655

SERVING HEMPSTEAD, HOWARD, LAFAYETTE, LITTLE RIVER, MILLER AND SEVIER
COUNTIES

AN EQUAL OPPORTUNITY EMPLOYER

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2022

<u>Program/Finding</u>	<u>Description</u>
No findings were reported in the prior year.	

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SUPPLEMENTAL INFORMATION

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Health and Human Services:			
Direct Awards from the Department of Health and Human Services:			
COVID-19 - Provider Relief Funds	93.498	N/A	\$ 21,839
Total Direct Awards from the Department of Health and Human Services			<u>21,839</u>
Grants Passed Through the Arkansas Department of Health and Human Services:			
Youth Services - Temporary Assistance for Needy Families	93.558	4600046577	327,160
Therapeutic Foster Care	93.658	4600044406	113,067
Block Grants for Community Mental Health Services	93.958	4600044367	246,591
COVID-19 - Emergency Funding - DAABHS Block Grant	93.958	N/A	38,333
Social Services Block Grant:			
Title XX	93.667	4600043773	26,132
DHS Parenting	93.667	4600040574	765
Block Grants for Prevention and Treatment of Substance Abuse:			
Department of Community Correction (DCC)	93.959	4600036875	344,504
COVID-19 - DAABHS - SABG - ARPA	93.959	N/A	47,186
COVID-19 - Grant - DAABHS - SABG	93.959	N/A	<u>137,803</u>
Total Passed Through the Arkansas Department of Health and Human Services			<u>1,281,541</u>
Total Department of Health and Human Services			<u>1,303,380</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,303,380</u></u>

Notes to Schedule of Expenditures of Federal Awards:

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

The Center did elect to use the 10% de minimis indirect cost rate.

In 2022, the Center received Medicare funds of \$239,056 and Medicaid funds of \$885,899 under fee for service contracts, which are not deemed federal awards as they are direct federal assistance to individuals.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR YEAR ENDED JUNE 30, 2022

<u>State Grantor/Program Title</u>	<u>Grant Period</u>	<u>Total Program Revenues</u>	<u>Total Program Expenditures</u>
Arkansas Department of Human Services:			
Forensic	7/1/21 - 6/30/22	\$ 73,200	\$ 73,200
State Appropriation - General	7/1/21 - 6/30/22	796,335	796,335
Youth Services - Base	7/1/21 - 6/30/22	1,414,388	1,414,388
Youth Services - Sanctions	7/1/21 - 6/30/22	252,901	252,901
Youth Services - Transformation	7/1/21 - 6/30/22	15,500	15,500
Youth Services - Field Evaluations	7/1/21 - 6/30/22	53,000	53,000
Drug and Alcohol Safety Education Program	7/1/21 - 6/30/22	89,388	89,388
Treatment Services State General Revenue	7/1/21 - 6/30/22	57,108	57,108
Foster Care (Title IV)	7/1/21 - 6/30/22	322,787	322,787
Therapeutic Counseling	7/1/21 - 6/30/22	33,162	33,162
		<u>3,107,769</u>	<u>3,107,769</u>
Total Arkansas Department of Human Services		<u>3,107,769</u>	<u>3,107,769</u>
Total State Awards		<u>\$ 3,107,769</u>	<u>\$ 3,107,769</u>

Note to Schedule of Expenditures of State Awards:

This schedule is prepared on the accrual basis of accounting.

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SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
COMBINING SCHEDULE OF ACTIVITIES BY FUNDING SOURCE

YEAR ENDED JUNE 30, 2022

	Mental Health Source					Split Rail Mental Health Treatment Program
	Mental Health Treatment Program	CASSP Program	Youth Services	Acute Care	Foster Care	
Revenues						
Patient Service Revenue:						
Patient Fees Self Pay	\$ 197,834	\$ 205	\$ -	\$ -	\$ 1,696	\$ 9,615
Patient Fees Insurance	555,670	-	-	-	-	(1,280)
Medicaid	1,225,108	90	-	-	80,492	(11,804)
Medicare	191,278	-	-	-	-	(531)
Total Patient Service Revenue	2,169,890	295	-	-	82,188	(4,000)
Charitable Allowance	(52,787)	(218)	-	-	(1,125)	(47)
Gross Patient Service Revenue	2,117,103	77	-	-	81,063	(4,047)
Contractual Adjustments	(293,229)	-	-	-	-	37,916
Provision for Bad Debt	(272,374)	(23)	-	-	(3,729)	(22,166)
Net Patient Service Revenue	1,551,500	54	-	-	77,334	11,703
Program Revenue:						
Grant Contracts	-	3,797	2,176,790	-	435,854	-
Other Contracts	24,463	-	-	-	-	-
State General Appropriation	796,335	-	-	-	-	-
Forensics	73,200	-	-	-	-	-
Mental Health Block Grant	246,591	-	-	-	-	-
Therapeutic Counseling	33,162	-	-	-	-	-
Title XX	26,439	-	-	-	-	-
Total Program Revenue	1,200,190	3,797	2,176,790	-	435,854	-
USAC Grant	45,701	-	-	-	-	-
Investment Income	63,288	-	-	-	-	-
Loss on Disposal of Fixed Assets	(2,865)	-	-	-	-	-
Rental Income	13,595	-	-	-	-	-
Miscellaneous Income	147,475	-	-	-	16,737	-
Fund Transfers without Donor Restrictions	777,038	17,981	(993,144)	106,975	(22,117)	20,126
Total Revenues	3,795,922	21,832	1,183,646	106,975	507,808	31,829
Expenses						
Acute Care	-	-	-	106,975	-	-
Auto Expense	1,533	-	595	-	-	21
Board Expense	6,989	-	-	-	-	-
Client Medical Expense/Transportation	7	-	-	-	-	-
Clinical Expense	1,814	-	108	-	78	-
Conference and Registration	5,836	-	70	-	945	-
Data Processing Expense	83,205	1,031	21,655	-	4,125	-
Depreciation and Amortization	75,790	-	5,805	-	-	965
Drug Expense	1,554	-	2,569	-	-	-
Dues and Publications	23,294	-	1,351	-	950	-
Food	12,948	-	1,088	-	23	12
Fringe Benefits	403,840	3,999	134,689	-	23,182	5,397
Insurance	76,698	2,067	31,126	-	4,794	(28)
Interest Expense	13,538	-	-	-	-	-
Janitorial Services and Supplies	70,105	-	493	-	85	-
Legal and Accounting Fees	42,439	464	9,902	-	1,779	-
Miscellaneous	21,438	-	207	-	5,177	-
Office Supplies	12,577	22	4,214	-	131	81
Other Purchased Services	283,382	-	111,333	-	281,742	-
Postage	10,240	-	170	-	-	39
Recreation and Resocialization	4,215	-	423	-	578	435
Recruitment and Training	22,274	-	-	-	-	-
Rent-Lease Payments	40,460	-	40,715	-	-	-
Repairs and Maintenance	36,946	-	588	-	75	-
Salaries	2,299,387	14,249	760,809	-	172,186	24,907
Small Furniture and Appliances	16,704	-	226	-	439	-
Telephone	143,988	-	12,582	-	1,404	-
Travel	28,579	-	32,700	-	10,115	-
Utilities	63,293	-	10,228	-	-	-
Total Expenses	3,803,073	21,832	1,183,646	106,975	507,808	31,829
Decrease in Net Assets	\$ (7,151)	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
COMBINING SCHEDULE OF ACTIVITIES BY FUNDING SOURCE (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Horizon	Substance Abuse Source		River Ridge	County Heights	Total
	Mental Health Treatment Program	DWI	Substance Abuse			
Revenues						
Patient Service Revenue:						
Patient Fees Self Pay	\$ 62,897	\$ -	\$ 35,673	\$ 44,812	\$ -	\$ 352,732
Patient Fees Insurance	13,242	-	2,170	206,660	-	776,462
Medicaid	867,531	-	832	-	-	2,162,249
Medicare	108,951	-	-	-	-	299,698
Total Patient Service Revenue	1,052,621	-	38,675	251,472	-	3,591,141
Charitable Allowance	(1,844)	-	(1,899)	-	-	(57,920)
Gross Patient Service Revenue	1,050,777	-	36,776	251,472	-	3,533,221
Contractual Adjustments	16,553	-	-	-	-	(238,760)
Provision for Bad Debt	(113,004)	-	(4,716)	(6,808)	-	(422,820)
Net Patient Service Revenue	954,326	-	32,060	244,664	-	2,871,641
Program Revenue:						
Grant Contracts	-	212,541	62,610	339,789	-	3,231,381
Other Contracts	-	-	1,640	1,860	-	27,963
State General Appropriation	-	-	-	-	-	796,335
Forensics	-	-	-	-	-	73,200
Mental Health Block Grant	-	-	-	-	-	246,591
Therapeutic Counseling	-	-	-	-	-	33,162
Title XX	-	-	-	-	-	26,439
Total Program Revenue	-	212,541	64,250	341,649	-	4,435,071
USAC Grant	22,850	-	-	-	-	68,551
Investment Income	-	-	-	-	-	63,288
Loss on Disposal of Fixed Assets	-	-	-	-	-	(2,865)
Rental Income	-	-	-	-	41,720	55,315
Miscellaneous Income	-	19,330	-	-	-	183,542
Fund Transfers without Donor Restrictions	67,905	(61,717)	(5,818)	31,638	61,133	-
Total Revenues	1,045,081	170,154	90,492	617,951	102,853	7,674,543
Expenses						
Acute Care	-	-	-	-	-	106,975
Auto Expense	3,890	-	-	953	835	7,827
Board Expense	-	-	-	-	-	6,989
Client Medical Expense/Transportation	3,998	-	-	-	-	4,005
Clinical Expense	-	-	-	-	-	2,000
Conference and Registration	-	-	-	-	-	6,851
Data Processing Expense	25,780	3,094	2,062	13,406	2,062	156,420
Depreciation and Amortization	2,863	573	438	20,704	14,595	121,733
Drug Expense	3,130	-	2,419	2,915	-	12,587
Dues and Publications	-	-	-	80	-	25,675
Food	29,194	-	-	46,064	-	89,329
Fringe Benefits	137,540	22,676	11,672	68,658	9,374	821,027
Insurance	48,631	4,020	2,767	18,733	3,945	192,753
Interest Expense	-	-	-	-	-	13,538
Janitorial Services and Supplies	2,320	106	84	19,358	2,244	94,795
Legal and Accounting Fees	14,007	1,470	1,006	6,498	1,005	78,570
Miscellaneous	2,090	240	208	1,365	1,534	32,259
Office Supplies	1,147	1,895	149	1,469	255	21,940
Other Purchased Services	16,050	-	50	21,443	-	714,000
Postage	488	568	-	-	-	11,505
Recreation and Resocialization	1,800	-	-	3,223	-	10,674
Recruitment and Training	40	-	-	-	-	22,314
Rent-Lease Payments	7,213	4,200	-	2,063	-	94,651
Repairs and Maintenance	1,515	355	-	17,121	1,823	58,423
Salaries	662,068	112,642	68,582	328,124	46,725	4,489,679
Small Furniture and Appliances	1,387	8	-	1,101	771	20,636
Telephone	30,496	7,662	-	8,006	9,523	213,661
Travel	1,369	10,645	-	2,254	175	85,837
Utilities	48,065	-	1,055	34,413	7,987	165,041
Total Expenses	1,045,081	170,154	90,492	617,951	102,853	7,681,694
Decrease in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,151)

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
DWI
YEAR ENDED JUNE 30, 2022

	Budget	Actual
Revenues and Other Financing Sources		
State Revenue	\$ 212,541	\$ 212,541
Miscellaneous Income	-	19,330
Fund Transfers without Donor Restrictions	-	(61,717)
	212,541	170,154
Expenses		
Data Processing	2,632	3,094
Depreciation	2,090	573
Drug Expense	250	-
Dues and Publications	480	-
Food	25	-
Fringe Benefits	23,501	22,676
Insurance	3,805	4,020
Janitorial Services and Supplies	1,200	106
Legal and Accounting	1,200	1,470
Miscellaneous	-	240
Office Supplies	1,500	1,895
Postage	575	568
Program Expenses	174	-
Recruitment and Training	500	-
Rent - Lease Payments	10,200	4,200
Repairs and Maintenance	-	355
Salaries	139,594	112,642
Small Furniture and Appliances	1,500	8
Telephone	6,245	7,662
Travel	15,000	10,645
Utilities	2,070	-
	212,541	170,154
Excess of Revenues and Other Financing Sources Over Expenses	\$ -	\$ -
Units of Service	N/A	N/A

OTHER INFORMATION



**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROLS
OVER STATISTICAL INFORMATION**

To the Board of Directors of
Southwest Arkansas Counseling and Mental Health Center, Inc.

We have examined management of Southwest Arkansas Counseling and Mental Health Center, Inc.'s (the Center's) assertion that the Center maintained effective internal control over compliance with the statistical information system for documenting and appropriately reporting data regarding staff activities, units of service, and recipients of services as of June 30, 2022, based on criteria outlined below. The Center's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Because of inherent limitations in any internal control, noncompliance may occur and not be detected. Also, projections of an evaluation of internal control over compliance to future periods are subject to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The principal internal control criteria regarding reliable reporting of client and community services data by the Center are the promotion of accurate and complete documentation of client admissions and discharges and the promotion of accurate and appropriate documentation of services rendered to clients and the community.

In our opinion, management's assertion that the Center maintained effective internal control over compliance with the statistical information system for documenting and appropriately reporting data regarding staff activities, units of service, and recipients of services as of June 30, 2022, based on criteria outlined above, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Directors, management, the Arkansas Department of Human Services, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Thomas & Thomas PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 13, 2023



INDEPENDENT ACCOUNTANT'S REPORT ON STATISTICAL INFORMATION

To the Board of Directors of
Southwest Arkansas Counseling and Mental Health Center, Inc.

We have examined the accompanying schedules of statistical data and units of service of Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center) for the years ended June 30, 2022 and 2021. The Center's management is responsible for the schedules. Our responsibility is to express an opinion on schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and auditing standards promulgated by the Arkansas Department of Human Services. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedules fairly present, in all material respects, the number of direct clients served, number of direct client and community and education units of service provided, and the cost per unit of service. An examination involves performing procedures to obtain evidence about the schedules of statistical data and units of service. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the schedules of statistical data and units of service present fairly, in all material respects, the number of direct clients served, number of direct client and community and education units of service provided, and the cost per unit of service for the years ended June 30, 2022 and 2021.

This report is intended solely for the information and use of the Board of Directors, management, the Arkansas Department of Human Services, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Texarkana, Texas
March 13, 2023

Thomas & Thomas PLLC
CERTIFIED PUBLIC ACCOUNTANTS

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULES OF STATISTICAL DATA AND UNITS OF SERVICE
YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021
Outpatient Services			
Total cost of services	<u>\$ 3,477,310</u>	= \$	<u>\$ 3,660,076</u>
Service events	43,972		47,934
		79.08	\$ 76.36
Clients served	2,520		2,566
 Day Treatment			
Total cost of services	<u>\$ 337,566</u>	= \$	<u>\$ 415,111</u>
Service events	13,443		12,188
		25.11	\$ 34.06
Clients served	26		31
 Emergency Services			
Total cost of services	<u>\$ 10,029</u>	= \$	<u>\$ 6,530</u>
Service events	772		778
		12.99	\$ 8.39
Clients served	322		342

Note:

1) Expenses reported above include both direct and indirect costs charged to the various programs. Certain direct costs of the medical services program have been allocated to the other service units which benefited, through revenue recognition, from tasks performed by medical services.