

VALEO BEHAVIORAL HEALTH CARE, INC., VALEO CRP, INC. AND THE VALEO FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2024 and 2023

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 3
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statement of Functional Expenses - 2024	6 - 7
Consolidated Statement of Functional Expenses - 2023	8 - 9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11 - 21
Supplementary Information:	
Consolidating Statement of Financial Position - 2024	22
Consolidating Statement of Financial Position - 2023	23
Consolidating Statement of Activities - 2024	24
Consolidating Statement of Activities - 2023	25
Schedule of Expenditures of Federal Awards	26
Notes to Schedule of Expenditures of Federal Awards	27
Schedule of Findings and Questioned Costs	28 - 29
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	30 - 31
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	32 - 34

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INDEPENDENT AUDITORS' REPORT

The Boards of Directors
Valeo Behavioral Health Care, Inc.,
Valeo CRP, Inc. and The Valeo Foundation:
Topeka, Kansas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Valeo Behavioral Health Care, Inc. (Valeo), Valeo CRP, Inc. (CRP) and The Valeo Foundation (the Foundation) (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of CRP and the Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

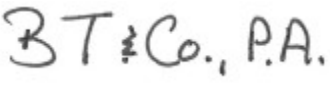
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules listed under supplementary information in the accompanying table of contents, including the schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025, on our consideration of Valeo'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 Valeo'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 Valeo's internal control over financial reporting and compliance.



June 16, 2025
Topeka, Kansas

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,331,869	$ 914,039
Operating investments	5,845,164	6,342,123
Other investments	51,146	40,754
Accounts receivable, net	834,215	686,950
Grants receivable	610,367	954,085
Interest receivable	14,987	16,615
Prepaid expenses	143,591	212,133
Total current assets	9,831,339	9,166,699
Operating investments, board designated	265,968	254,335
Property and equipment, net of accumulated depreciation	6,649,011	6,909,274
Total assets	$ 16,746,318	$ 16,330,308
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 148,324	$ 112,480
Accrued payroll	750,602	663,185
Accrued vacation	836,458	822,626
Other accrued expenses	552,049	286,110
Unearned revenue	869,494	109,981
Total current liabilities	3,156,927	1,994,382
Net assets:		
Without donor restrictions:		
Board designated	627,045	419,040
Undesignated	12,941,362	13,893,231
With donor restrictions	20,984	23,655
Total net assets	13,589,391	14,335,926
Total liabilities and net assets	$ 16,746,318	$ 16,330,308

See accompanying notes to consolidated financial statements.

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024	2023
Net assets without donor restrictions:		
Revenues and support:		
Patient service revenue	$ 13,700,484	$ 10,234,810
State mental health funds	4,083,898	4,024,429
Grants and contracts	5,869,061	7,370,175
AAPS contract	1,670,097	1,299,586
Shawnee County taxes	2,279,583	2,009,717
City of Topeka taxes	307,929	282,929
Interest and investment income	403,270	657,148
Donations	77,685	112,125
In-kind donations	26,316	35,847
Miscellaneous	508,061	285,564
Net assets released from restriction - program support	16,064	18,155
Total revenues and support	28,942,448	26,330,485
Expenses:		
Outreach case management	1,976,226	1,765,602
Crisis diversion services	4,258,052	4,195,495
Valeo Recovery Center	2,152,227	2,162,247
Other mental health services	13,976,445	13,365,836
CRP program services	684,149	559,959
Management and general	6,369,144	5,995,867
Fundraising	270,069	101,576
Total expenses	29,686,312	28,146,582
Change in net assets without donor restriction	(743,864)	(1,816,097)
Net assets with donor restrictions:		
Contributions	13,393	9,888
Net assets released from restriction - program support	(16,064)	(18,155)
Change in net assets with donor restrictions	(2,671)	(8,267)
Change in net assets	(746,535)	(1,824,364)
Net assets, beginning of year	14,335,926	16,160,290
Net assets, end of year	$ 13,589,391	$ 14,335,926

See accompanying notes to consolidated financial statements.

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Valeo					
	Program Services					
	Outreach Case Management	Crisis Diversion Services	Valeo Recovery Center	Other Mental Health Services	Management and General	Total Expenses
Salaries and fringe benefits	$ 1,511,758	$ 3,575,611	$ 1,876,905	$ 8,857,150	$ 5,208,611	$ 21,030,035
Payments to other organizations	-	-	-	3,264,854	-	3,264,854
Depreciation	45,665	227,196	15,342	412,000	3,131	703,334
Telephone and utilities	20,618	136,625	9,442	237,123	164,277	568,085
Food and client supplies	231,265	33,838	147,207	131,102	399	543,811
Maintenance and repairs	-	75,515	-	160,330	39,587	275,432
Meetings and travel	71,319	20,897	-	55,190	20,298	167,704
Advertising	8,601	1,406	1,843	27,603	15,694	55,147
Printing and postage	592	1,045	591	3,591	35,965	41,784
Professional services	3,696	24,834	3,832	450,114	154,388	636,864
General and professional liability insurance	16,897	21,575	15,715	49,134	46,122	149,443
Seminars	3,845	7,721	4,959	36,671	23,110	76,306
Office supplies	14,088	21,970	13,308	30,574	39,392	119,332
Data processing supplies and support	38,768	63,690	44,306	85,842	382,568	615,174
Client transportation	2,639	13,848	11,689	44,085	-	72,261
Medical services	-	-	-	-	13,089	13,089
Dues and memberships	4,711	8,319	6,032	21,134	13,939	54,135
Non-capital equipment	611	6,579	573	1,255	35,780	44,798
Property insurance	-	13,939	-	105,423	11,719	131,081
Miscellaneous	1,153	3,444	483	3,270	102,002	110,352
Total expenses	$ 1,976,226	$ 4,258,052	$ 2,152,227	$ 13,976,445	$ 6,310,071	$ 28,673,021

(Continued)

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
(Continued)
Year Ended December 31, 2024

	CRP				The Foundation	
	CRP Program Services	Fundraising	Management and General	Total Expenses	Fundraising	Total Expenses
Salaries and fringe benefits	$ 438,498	$ -	$ 28,835	$ 467,333	$ -	$ 21,497,368
Payments to other organizations	-	-	-	-	168,431	3,433,285
Depreciation	32,537	-	686	33,223	-	736,557
Telephone and utilities	23,264	-	-	23,264	-	591,349
Food and client supplies	36,691	-	-	36,691	4,997	585,499
Maintenance and repairs	13,973	-	-	13,973	-	289,405
Meetings and travel	-	-	-	-	1,293	168,997
Advertising	-	4,936	-	4,936	353	60,436
Printing and postage	-	-	-	-	-	41,784
Professional services	115,888	-	10,200	126,088	1,250	764,202
General and professional liability insurance	10,974	-	1,356	12,330	-	161,773
Seminars	-	-	-	-	-	76,306
Office supplies	67	-	-	67	-	119,399
Data processing supplies and support	-	-	-	-	-	615,174
Client transportation	2,554	-	-	2,554	-	74,815
Medical services	-	-	-	-	-	13,089
Dues and memberships	265	-	-	265	4,749	59,149
Non-capital equipment	998	-	-	998	-	45,796
Property insurance	8,335	-	-	8,335	-	139,416
Miscellaneous	105	-	17,996	18,101	84,060	212,513
Total expenses	$ 684,149	$ 4,936	$ 59,073	$ 748,158	$ 265,133	$ 29,686,312

See accompanying notes to consolidated financial statements.

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Valeo					
	Program Services					
	Outreach Case Management	Crisis Diversion Services	Valeo Recovery Center	Other Mental Health Services	Management and General	Total Expenses
Salaries and fringe benefits	$ 1,445,906	$ 3,505,998	$ 1,898,776	$ 8,538,800	$ 4,773,549	$ 20,163,029
Payments to other organizations	-	-	-	3,046,437	-	3,046,437
Depreciation	46,159	214,481	11,912	368,209	52,932	693,693
Telephone and utilities	20,933	119,484	5,968	215,370	141,598	503,353
Food and client supplies	68,559	70,783	118,859	99,947	150	358,298
Maintenance and repairs	-	75,745	-	168,858	35,932	280,535
Meetings and travel	79,028	15,583	-	54,826	34,435	183,872
Advertising	5,719	50	995	38,592	55,587	100,943
Printing and postage	869	2,673	1,431	4,449	31,585	41,007
Professional services	4,295	9,153	4,340	396,675	202,058	616,521
General and professional liability insurance	12,475	15,929	11,603	37,010	42,187	119,204
Seminars	7,428	4,645	4,722	36,062	36,953	89,810
Office supplies	17,680	28,581	14,987	40,124	27,860	129,232
Data processing supplies and support	48,816	80,198	55,790	108,093	300,362	593,259
Client transportation	1,016	12,022	8,117	29,167	-	50,322
Medical supplies	-	7,959	12,179	55,937	-	76,075
Medical services	-	-	-	-	9,929	9,929
Dues and memberships	4,872	6,815	10,202	12,098	39,778	73,765
Non-capital equipment	499	(1,372)	821	8,933	47,256	56,137
Property insurance	-	22,690	-	103,282	9,000	134,972
Books and library materials	-	1	254	532	-	787
Miscellaneous	1,348	4,077	1,291	2,435	110,059	119,210
Total expenses	$ 1,765,602	$ 4,195,495	$ 2,162,247	$ 13,365,836	$ 5,951,210	$ 27,440,390

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VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
(Continued)
Year Ended December 31, 2023

	CRP				The Foundation	
	CRP Program Services	Fundraising	Management and General	Total Expenses	Fundraising	Total Expenses
Salaries and fringe benefits	$ 396,304	$ -	$ 25,380	$ 421,684	$ -	$ 20,584,713
Payments to other organizations	-	-	-	-	-	3,046,437
Depreciation	31,328	-	686	32,014	-	725,707
Telephone and utilities	22,450	-	-	22,450	-	525,803
Food and client supplies	29,374	-	-	29,374	3,748	391,420
Maintenance and repairs	25,294	-	-	25,294	-	305,829
Meetings and travel	-	3,721	490	4,211	2,295	190,378
Advertising	-	2,000	-	2,000	5,229	108,172
Printing and postage	70	-	-	70	-	41,077
Professional services	34,029	-	9,980	44,009	1,200	661,730
General and professional liability insurance	8,177	-	1,039	9,216	-	128,420
Seminars	-	-	-	-	-	89,810
Office supplies	282	-	-	282	-	129,514
Data processing supplies and support	-	-	-	-	-	593,259
Client transportation	5,571	-	-	5,571	-	55,893
Medical supplies	-	-	-	-	-	76,075
Medical services	-	-	-	-	-	9,929
Dues and memberships	275	-	40	315	4,116	78,196
Non-capital equipment	131	-	14	145	-	56,282
Property insurance	6,639	-	-	6,639	-	141,611
Books and library materials	-	-	-	-	-	787
Miscellaneous	35	-	7,028	7,063	79,267	205,540
Total expenses	$ 559,959	$ 5,721	$ 44,657	$ 610,337	$ 95,855	$ 28,146,582

See accompanying notes to consolidated financial statements.

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ (746,535)	$ (1,824,364)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	736,557	725,707
Realized loss on investments	159,243	276,282
Unrealized gain on investments	(241,115)	(636,308)
Changes in assets and liabilities:		
Accounts receivable, net	(147,265)	498,450
Grants receivable	343,718	(372,552)
Interest receivable	1,628	1,185
Other receivable	-	8,403
Prepaid expenses	68,542	(15,368)
Accounts payable	35,844	(79,519)
Accrued payroll	87,417	106,923
Accrued vacation	13,832	85,398
Other accrued expenses	265,939	150,354
Unearned revenue	759,513	(130,713)
Net cash flows from operating activities	1,337,318	(1,206,122)
Cash flows from investing activities:		
Purchase of property and equipment	(476,294)	(985,773)
Proceeds from redemption of investments	757,178	2,500,000
Purchase of investments	(200,372)	(255,164)
Net cash flows from investing activities	80,512	1,259,063
Net increase in cash and cash equivalents	1,417,830	52,941
Cash and cash equivalents, beginning of year	914,039	861,098
Cash and cash equivalents, end of year	$ 2,331,869	$ 914,039

See accompanying notes to consolidated financial statements.

1 - Organization and Summary of Significant Accounting Policies

Organization

Valeo Behavioral Health Care, Inc. (Valeo) is a comprehensive mental health center licensed by the State of Kansas with three major program components servicing Shawnee County, Kansas. The first program, Outreach Case Management, assists consumers in identifying, securing, and sustaining resources needed to live in a normal interdependent way in the community. The case manager functions as the primary clinician coordinating all needed services consistent with the needs of the consumers. The second program, Crisis Diversion Services (CDS), provides wraparound services and crisis stabilization to individuals of Shawnee County who suffer from a severe persistent mental illness and are at high risk for a psychiatric hospitalization, incarceration or nursing facility for mental health placement and who have shown the inability to maintain community tenure without the use of higher levels of structure and intensive supports. The CDS program acts as a diversion from these types of placements and supports reintegration while working towards independence and managing an individual's mental health crisis. The third program, Valeo Recovery Center, provides residential and outpatient substance abuse treatment.

Valeo CRP, Inc. (CRP) is a Kansas-based nonprofit organization established in 2001 to provide residential housing and care in Topeka, Kansas for individuals in need of continuing mental health care. Prior to 2001, a community residence program was operated by the Menninger Clinic (Menninger). In 2001, Menninger donated buildings with a fair value of $ 1,735,000 to Valeo. Valeo established CRP for the purpose of continuing the community residence program. Valeo is the sole member of CRP.

The Valeo Foundation (the Foundation) was organized in 2010 as a nonprofit organization operating exclusively to provide support for mental health and substance abuse programs at Valeo and CRP to enhance the quality of life for families in the community. Valeo is the sole member of the Foundation.

Principles of Consolidation

The consolidated financial statements include the accounts of Valeo, CRP, and the Foundation (collectively, the Organization). CRP and the Foundation are controlled by Valeo since Valeo is the sole member of CRP and the Foundation. All three entities are also under common management. All significant intercompany transactions and accounts have been eliminated.

Consolidated Statements of Cash Flows

For purposes of the consolidated statements of cash flows, cash and cash equivalents include petty cash, checking accounts and money market accounts, which have original maturities of three months or less.

Concentrations of Credit Risk

The Organization manages deposit concentration risk by placing cash, savings, money market and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts

receivable is considered to be limited due to the analysis of historical collection rates and because a substantial portion of the outstanding grants receivable is due from governmental agencies.

Operating Investments

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization invests in equity mutual funds, alternative investments, fixed income funds, and money market mutual funds.

The Organization also invests in certificates of deposit which are recorded at cost as they are not affected by market changes.

Accounts Receivable

Accounts receivable consists of amounts due directly from patients or from third-party payors for services rendered. Receivables due directly from patients are carried at the original hourly charge for the service provided less amounts covered by third-party payors and less estimated amounts considered uncollectible. Third-party payor receivables are carried at a net amount determined by the original hourly charge for the service provided, less an explicit estimate for contractual adjustments or discounts provided to third-party payors. The allowance for credit loss is evaluated annually. The allowance is based on historical write-offs per payor and adjusted for current economic conditions and reasonable and supportable forecasts. This calculation is prepared and then reviewed for reasonableness. Patient receivables are written off to credit loss expense when deemed uncollectible. After all third-party sources have been billed, individual consumers are given ninety days to pay their balances. When a balance is greater than ninety days old, the Organization determines whether the account should be sent to a collection agency or written off.

Property and Equipment

Property and equipment are carried at cost for purchases greater than $ 500. Contributed property and equipment is stated at the fair market value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. Maintenance and repairs are charged to expense. Significant renewals and betterments are capitalized. Gains or losses on dispositions of property and equipment are included in revenue and expense.

Accrued Vacation

Personal leave is accrued at varying rates based on years of service. A maximum of thirty days of vacation leave may be accrued by any employee.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. As of December 31, 2024 and 2023, the Organization had $ 20,984 and $ 23,655, respectively, in net assets with donor restrictions restricted for program purposes. As of December 31, 2024 and 2023, the Organization had no net assets required to be maintained in perpetuity.

Revenue Recognition Policy

Patient Service Revenue

The Organization reports patient service revenue at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and include variable consideration for retroactive adjustments due to settlement of audits and reviews. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Organization does not believe it is required to provide additional goods or services to the patient.

The Organization determines the transaction price based on standard charges for goods and services provided to patients, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and/or implicit price concessions. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts expected to be collected based on the Organization's collection history with similar class of patients. The Organization analyzes its past history and identifies trends for each of its major payor sources of revenue. Management regularly reviews data about these major payor sources of revenue. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are

recorded as credit loss expense. Credit loss expense for the years ended December 31, 2024 and 2023 was not significant.

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant price concession related to uninsured patients in the period the services are provided. Accounts receivable associated with patient service revenue as of December 31, 2024, 2023, and 2022 was $ 826,125, $ 668,371, and $ 1,009,355, respectively.

Non-Patient Service Revenue

The Organization recognizes revenue from program services when the services are provided. The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Significant judgments are made in determining the value of the exchange and contribution element of special events.

All services are transferred at a point in time. Payment terms for services are not deemed to include any significant financing component as payment is received at the time, or shortly after, the services are provided. Consideration paid for services is not variable.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2024 and 2023, conditional contributions approximating $ 11,351,013 and $ 7,095,327, respectively, for which $ 869,494 and $ 109,981, respectively, had been received in advance and shown as unearned revenue in the consolidated statements of financial position, have not been recognized in the accompanying consolidated financial statements.

The Organization's customers consist of federal, state and local government agencies and private customers, primarily located within the state of Kansas. For government grants and contracts, future cash flows depend on the Organization's ability to continue to obtain federal, state and local government contracts, and indirectly on the amount of funding available to these agencies for new and current government projects. Therefore, a portion of the Organization's operations is dependent upon the level and timing of government funding. As it relates to private customers, credit risk is mitigated because payment is received before, shortly after or at the time the goods or services are provided. For those program services provided before payment is received, continuing services will be terminated for non-payment, limiting future credit risk.

In-Kind Donations – Donated Assets

Donated vehicles and auction items are recorded as contributions at estimated fair values at the date of donation. The auction items mainly consisted of gift cards, tickets, and other small items. The auction items are turned into cash or used for outreach services. The items are valued at the original purchase price of the items.

Advertising Costs

Advertising costs are charged to operations as incurred. For the years ended December 31, 2024 and 2023, respectively, advertising costs totaled $ 60,436 and $ 108,172.

Functional Expense Allocation

Costs have been allocated among the programs and supporting services on the basis of benefits received from the associated costs.

Income Tax Matters

Valeo, CRP, and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, are exempt from federal income taxes pursuant to Section 501(a) of the Code and have not been classified as private foundations under Section 509(a) of the Code.

Concentration

The Organization receives a substantial amount of its support from patient fees and grants and contracts. If a significant reduction in the level of these revenues or delay in the timing of receipts were to occur, the Organization would curtail its programs and activities accordingly.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2 - Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 2,331,869	$ 914,039
Operating investments, current	5,845,164	6,342,123
Other investments	51,146	40,754
Accounts receivable, net	834,215	686,950
Grants receivable	610,367	954,085
Interest receivable	14,987	16,615
Operating investments, board designated	265,968	254,335
Total financial assets	9,953,716	9,208,901
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (see Note 1)	(20,984)	(23,655)
Board-designated funds in operating investments	(627,045)	(419,040)
Amount available for general expenditures within one year	$ 9,305,687	$ 8,766,206

The Organization has a goal to maintain on hand a minimum of $ 1,000,000 operating cash, which consists of cash and certificates of deposit. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term treasury instruments. The Organization also has operating investments and a line of credit that could be utilized in the event of an unanticipated liquidity need.

3 - Investments

Investments held by the Organization were as follows at December 31, 2024:

	Cost	Fair Value
Certificates of deposit	$ 562,665	$ 562,665
Equity mutual funds	949,682	1,297,836
Alternative investments	22,821	24,828
Fixed income funds	4,431,308	3,996,455
Money market mutual funds	229,348	229,348
Total operating investments	$ 6,195,824	$ 6,111,132

Investments held by the Organization were as follows at December 31, 2023:

	Cost	Fair Value
Certificates of deposit	$ 819,843	$ 819,843
Equity mutual funds	993,919	1,199,251
Mutual funds	24,903	25,414
Fixed income funds	4,774,920	4,243,279
Money market mutual funds	308,671	308,671
Total operating investments	$ 6,922,256	$ 6,596,458

4 - Fair Value Measurement

The disclosure provisions of the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 820) establish 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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 fair value measurement and unobservable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2024 and 2023.

Mutual funds, alternative investments, fixed income funds, and money market mutual funds: Valued at the closing price reported in the active market in which the individual securities are traded.

Fair value of assets measured on a recurring basis at December 31, 2024 is as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Equity mutual funds:				
Diversified emerging markets	$ 22,327	$ 22,327	$ -	$ -
Small cap core	32,878	32,878	-	-
Large cap core	928,479	928,479	-	-
Large value	51,061	51,061	-	-
International core	178,859	178,859	-	-
International value	40,520	40,520	-	-
International growth	43,712	43,712	-	-
Alternative investments:				
Liquid alt - world allocation	14,641	14,641	-	-
Liquid alt - other liquid alternative	10,187	10,187	-	-
Fixed income funds:				
High-yield bond	164,054	164,054	-	-
Intermediate core bond	1,842,120	1,842,120	-	-
Intermediate core-plus bond	1,389,532	1,389,532	-	-
Multisector bond	212,716	212,716	-	-
World bond - USD hedged	388,033	388,033	-	-
Money market mutual funds	229,348	229,348	-	-
Total	$ 5,548,467	$ 5,548,467	$ -	$ -

Fair value of assets measured on a recurring basis at December 31, 2023 is as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Equity mutual funds:				
Diversified emerging markets	$ 53,997	$ 53,997	$ -	$ -
Foreign large blend	235,090	235,090	-	-
Small blend	37,709	37,709	-	-
Large value	53,629	53,629	-	-
Large blend	818,826	818,826	-	-
Mutual funds:				
Market neutral	10,538	10,538	-	-
World allocation	14,876	14,876	-	-
Fixed income funds:				
Foreign large growth	344,799	344,799	-	-
High-yield bond	134,752	134,752	-	-
Intermediate core-plus bond	3,495,266	3,495,266	-	-
Multisector bond	254,382	254,382	-	-
World bond - USD hedged	14,080	14,080	-	-
Money market mutual funds	308,671	308,671	-	-
Total	$ 5,776,615	$ 5,776,615	$ -	$ -

5 - Property and Equipment

Property and equipment consisted of the following at December 31:

	2024	2023
Land	$ 799,128	$ 799,128
Buildings	13,158,219	13,062,500
Real estate leasehold	123,676	123,676
Leasehold improvements	247,984	247,984
Office equipment	4,949,295	4,711,755
Motor vehicles	825,510	682,477
Total property and equipment	20,103,812	19,627,520
Less accumulated depreciation	(13,454,801)	(12,718,246)
Total property and equipment, net of accumulated depreciation	$ 6,649,011	$ 6,909,274

Depreciation expense for the Organization for the years ended December 31, 2024 and 2023 was $ 736,557 and $ 725,707, respectively.

6 - Board Designated Net Assets

Valeo has designated a portion of net assets for the accrued health insurance liability, the liability of which is included in other accrued expenses, and accrued interest. Funds designated by the Board of Directors for CRP are equal to approximately seven months of operating expenses.

The amounts designated at December 31 are as follows:

	2024	2023
Health insurance liability and accrued interest	$ 360,378	$ 164,152
Board designated investments, including accrued interest	266,667	254,888
Total board designated net assets	$ 627,045	$ 419,040

7 - Line of Credit

The Organization has a line of credit with Fidelity State Bank and Trust Co. The amount of credit available is $ 1,000,000, with no outstanding balance at December 31, 2024 and 2023. The line of credit has a 6.00% interest rate, is collateralized by an investment account, and matures on October 1, 2026.

8 - Pension Plan

The Organization has a 401(k) Plan (the Plan) to provide retirement benefits for its employees. The Plan covers regular part-time and full-time employees with one year of service. Employees may contribute from their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. Beginning in 2021, Valeo contributes 100% of up to the first 4% of gross compensation that an employee contributes to the Plan. All matching contributions vest on years of continuous service. An employee is 100% vested after six years of credited service. In addition, the Plan provides for discretionary profit-sharing contributions as determined by the Board of Directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants.

The Organization's matching contributions to the Plan were $ 417,449 and $ 445,220 and there was $ 174,681 and $ 0 profit-sharing for the years ended December 31, 2024 and 2023, respectively.

9 - Payments to Other Organizations

The Organization's payments to other organizations for the years ended December 31, 2024 and 2023 consist of the following:

	2024	2023
Breakthrough House	$ 328,211	$ 328,211
Family Service and Guidance Center	2,936,643	2,718,226
Total payments to other organizations	$ 3,264,854	$ 3,046,437

10 - Risk Management

The Organization participates in a partially self-funded health insurance program administered by Blue Cross Blue Shield. A monthly premium is paid for stop-loss coverage and includes an amount for administrative costs. The maximum liability for the Organization for each individual covered is $ 100,000 per plan year with an aggregate plan maximum liability of $ 3,029,344.

The Organization made claim payments of $ 2,839,047 and $ 2,027,342, during the years ended December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, the Organization had recorded a combined liability of $ 348,263 and $ 153,137, respectively, for estimated self-insured liability claims which is included in other accrued expenses on the consolidated statements of financial position.

11 - Risks and Uncertainties

The Organization routinely invests its surplus operating funds in money market funds. These funds generally invest in highly liquid U.S. government and agency obligations and various investment-grade corporate obligations. Investments in money market funds are not insured or guaranteed by the U.S. government or by the underlying corporation; however, management believes that credit risk related to these investments is minimal.

The Organization maintains a significant portion of its total assets in a combination of bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market fluctuation, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect investments and the amounts reported in the consolidated statements of financial position.

12 - Subsequent Events

Subsequent events have been evaluated by management of the Organization through the date of the independent auditors' report, which is the date that the consolidated financial statements are available to be issued.

In February 2025, the Valeo Board of Directors passed a motion that allowed Valeo to authorize and execute a memorandum of understanding (MOU) with Family Service and Guidance Center (FSGC) regarding a corporate merger. The MOU outlines the terms under which Valeo and FSGC will merge to form a single nonprofit entity, with a new name, with the objective to enhance service delivery, improve operational efficiency, and ensure sustainability. A new Board of Directors will be formed with members from each existing organization for the merged entity. The merger is expected to be completed in 2026.

In March 2025, Valeo entered into a construction contract in the amount of approximately $ 2,319,000. This contract is for the renovation of the crisis intervention center.

SUPPLEMENTARY INFORMATION

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2024

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,179,014	$ 100,022	$ 52,833	$ -	$ 2,331,869
Operating investments	5,181,647	-	663,517	-	5,845,164
Other investments	51,146	-	-	-	51,146
Accounts receivable, net	809,589	16,566	8,060	-	834,215
Grants receivable	610,367	-	-	-	610,367
Interest receivable	13,630	699	658	-	14,987
Prepaid expenses	135,213	8,378	-	-	143,591
Due from affiliates	13,137	25,574	(208)	(38,503)	-
Total current assets	8,993,743	151,239	724,860	(38,503)	9,831,339
Operating investments, board designated	-	265,968	-	-	265,968
Property and equipment, net of accumulated depreciation	6,555,783	93,228	-	-	6,649,011
Total assets	$ 15,549,526	$ 510,435	$ 724,860	$ (38,503)	$ 16,746,318
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	$ 140,343	$ 7,981	$ -	$ -	$ 148,324
Accrued payroll	738,122	12,480	-	-	750,602
Accrued vacation	826,219	10,239	-	-	836,458
Other accrued expenses	549,787	142	2,120	-	552,049
Unearned revenue	869,494	-	-	-	869,494
Due to affiliates	-	-	38,503	(38,503)	-
Total current liabilities	3,123,965	30,842	40,623	(38,503)	3,156,927
Net assets:					
Without donor restrictions:					
Board designated	360,378	266,667	-	-	627,045
Undesignated	12,065,183	212,926	663,253	-	12,941,362
With donor restrictions	-	-	20,984	-	20,984
Total net assets	12,425,561	479,593	684,237	-	13,589,391
Total liabilities and net assets	$ 15,549,526	$ 510,435	$ 724,860	$ (38,503)	$ 16,746,318

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2023

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 573,197	$ 194,957	$ 145,885	$ -	$ 914,039
Operating investments	5,740,519	-	601,604	-	6,342,123
Other investments	40,754	-	-	-	40,754
Accounts receivable, net	637,193	31,103	18,654	-	686,950
Grants receivable	954,085	-	-	-	954,085
Interest receivable	15,539	553	523	-	16,615
Prepaid expenses	203,728	8,405	-	-	212,133
Due from affiliates	9,445	30,430	(208)	(39,667)	-
Total current assets	8,174,460	265,448	766,458	(39,667)	9,166,699
Operating investments, board designated	-	254,335	-	-	254,335
Property and equipment, net of accumulated depreciation	6,816,980	92,294	-	-	6,909,274
Total assets	$ 14,991,440	$ 612,077	$ 766,458	$ (39,667)	$ 16,330,308
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	$ 108,465	$ 4,015	$ -	$ -	$ 112,480
Accrued payroll	648,054	15,131	-	-	663,185
Accrued vacation	811,414	11,212	-	-	822,626
Other accrued expenses	285,256	104	750	-	286,110
Unearned revenue	109,981	-	-	-	109,981
Due to affiliates	-	-	39,667	(39,667)	-
Total current liabilities	1,963,170	30,462	40,417	(39,667)	1,994,382
Net assets:					
Without restrictions:					
Board designated	164,152	254,888	-	-	419,040
Undesignated	12,864,118	326,727	702,386	-	13,893,231
With donor restrictions	-	-	23,655	-	23,655
Total net assets	13,028,270	581,615	726,041	-	14,335,926
Total liabilities and net assets	$ 14,991,440	$ 612,077	$ 766,458	$ (39,667)	$ 16,330,308

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
Net assets without donor restrictions:					
Revenues and support:					
Patient service revenue	$ 13,113,006	$ 587,478	$ -	$ -	$ 13,700,484
State mental health funds	4,083,898		-	-	4,083,898
Grants and contracts	5,869,061	-	-	-	5,869,061
AAPS contract	1,670,097	-	-	-	1,670,097
Shawnee County taxes	2,279,583	-	-	-	2,279,583
City of Topeka taxes	307,929	-	-	-	307,929
Interest and investment income	325,226	12,707	65,337	-	403,270
Donations	-	-	77,685	-	77,685
In-kind donations	-	-	26,316	-	26,316
Miscellaneous	421,512	45,951	40,598	-	508,061
Net assets released from restriction - program support	-	-	16,064	-	16,064
Total revenues and support	28,070,312	646,136	226,000	-	28,942,448
Expenses:					
Salaries and fringe benefits	21,030,035	467,333	-	-	21,497,368
Payments to other organizations	3,264,854	-	168,431	-	3,433,285
Depreciation	703,334	33,223	-	-	736,557
Telephone and utilities	568,085	23,264	-	-	591,349
Food and client supplies	543,811	36,691	4,997	-	585,499
Maintenance and repairs	275,432	13,973	-	-	289,405
Meetings and travel	167,704	-	1,293	-	168,997
Advertising	55,147	4,936	353	-	60,436
Printing and postage	41,784	-	-	-	41,784
Professional services	636,864	126,088	1,250	-	764,202
General and professional liability insurance	149,443	12,330	-	-	161,773
Seminars	76,306	-	-	-	76,306
Office supplies	119,332	67	-	-	119,399
Data processing supplies and support	615,174	-	-	-	615,174
Client transportation	72,261	2,554	-	-	74,815
Medical services	13,089	-	-	-	13,089
Dues and memberships	54,135	265	4,749	-	59,149
Non-capital equipment	44,798	998	-	-	45,796
Property insurance	131,081	8,335	-	-	139,416
Miscellaneous	110,352	18,101	84,060	-	212,513
Total expenses	28,673,021	748,158	265,133	-	29,686,312
Change in net assets without donor restriction	(602,709)	(102,022)	(39,133)	-	(743,864)
Net assets with donor restrictions:					
Contributions	-	-	13,393	-	13,393
Net assets released from restriction - program support	-	-	(16,064)	-	(16,064)
Change in net assets with donor restrictions	-	-	(2,671)	-	(2,671)
Change in net assets	(602,709)	(102,022)	(41,804)	-	(746,535)
Net assets, beginning of year	13,028,270	581,615	726,041	-	14,335,926
Net assets, end of year	$ 12,425,561	$ 479,593	$ 684,237	$ -	$ 13,589,391

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
Net assets without donor restrictions:					
Revenues and support:					
Patient service revenue	$ 9,690,004	$ 544,806	$ -	$ -	$ 10,234,810
State mental health funds	4,024,429	-	-	-	4,024,429
Grants and contracts	7,370,175	-	-	-	7,370,175
AAPS contract	1,299,586	-	-	-	1,299,586
Shawnee County taxes	2,009,717	-	-	-	2,009,717
City of Topeka taxes	282,929	-	-	-	282,929
Interest and investment income	561,771	21,336	74,041	-	657,148
Donations	-	-	112,125	-	112,125
In-kind donations	18,455	-	17,392	-	35,847
Miscellaneous	250,364	35,200	-	-	285,564
Net assets released from restriction - program support	-	-	18,155	-	18,155
Total revenues and support	25,507,430	601,342	221,713	-	26,330,485
Expenses:					
Salaries and fringe benefits	20,163,029	421,684	-	-	20,584,713
Payments to other organizations	3,046,437	-	-	-	3,046,437
Depreciation	693,693	32,014	-	-	725,707
Telephone and utilities	503,353	22,450	-	-	525,803
Food and client supplies	358,298	29,374	3,748	-	391,420
Maintenance and repairs	280,535	25,294	-	-	305,829
Meetings and travel	183,872	4,211	2,295	-	190,378
Advertising	100,943	2,000	5,229	-	108,172
Printing and postage	41,007	70	-	-	41,077
Professional services	616,521	44,009	1,200	-	661,730
General and professional liability insurance	119,204	9,216	-	-	128,420
Seminars	89,810	-	-	-	89,810
Office supplies	129,232	282	-	-	129,514
Data processing supplies and support	593,259	-	-	-	593,259
Client transportation	50,322	5,571	-	-	55,893
Medical supplies	76,075	-	-	-	76,075
Medical services	9,929	-	-	-	9,929
Dues and memberships	73,765	315	4,116	-	78,196
Non-capital equipment	56,137	145	-	-	56,282
Property insurance	134,972	6,639	-	-	141,611
Books and library materials	787	-	-	-	787
Miscellaneous	119,210	7,063	79,267	-	205,540
Total expenses	27,440,390	610,337	95,855	-	28,146,582
Change in net assets without donor restriction	(1,932,960)	(8,995)	125,858	-	(1,816,097)
Net assets with donor restrictions:					
Contributions	-	-	9,888	-	9,888
Net assets released from restriction - program support	-	-	(18,155)	-	(18,155)
Change in net assets with donor restrictions	-	-	(8,267)	-	(8,267)
Change in net assets	(1,932,960)	(8,995)	117,591	-	(1,824,364)
Net assets, beginning of year	14,961,230	590,610	608,450	-	16,160,290
Net assets, end of year	$ 13,028,270	$ 581,615	$ 726,041	$ -	$ 14,335,926

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2024

Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Passed on to Subrecipients
U.S. Department of the Treasury:				
Passed through City of Topeka:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	50954	$ 275,680	$ -
U.S. Department of Health and Human Services:				
Certified Community Behavioral Health Clinic	93.696	H79SM086575-03	182,412	-
Certified Community Behavioral Health Clinic	93.696	H79SM086575-02M005	425,917	-
Subtotal			608,329	-
Community Services Block Grant	93.569	23 DISC 20B	20,000	-
Passed through Kansas Department for Aging and Disability Services:				
PATH Block Grant - FY23	93.150	PATH 24-023	69,464	-
PATH Block Grant - FY24	93.150	PATH 25-023	71,687	-
Subtotal			141,151	-
Community Mental Health Services Block Grant	93.958	MHCC 23-024	199,375	164,106
Community Mental Health Services Block Grant	93.958	MHCC 23-025	199,375	164,106
Community Mental Health Services Block Grant	93.958	3B09SM010020	57,838	-
Community Mental Health Services Block Grant	93.958	3B09SM010020	57,431	-
Subtotal			514,019	328,212
Substance Abuse Prevention and Treatment Block Grant	93.959	1B08T1083940-01	35,987	-
Substance Abuse Prevention and Treatment Block Grant	93.959	ADT-05-05-04	728,997	-
Subtotal			764,984	-
Total U.S. Department of Health and Human Services			2,048,483	328,212
Total expenditures of federal awards			$ 2,324,163	$ 328,212

See accompanying notes to schedule of expenditures of federal awards.

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2024

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Valeo under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Valeo, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Valeo.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3 - Indirect Cost Rate

Valeo has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4 - Difference in Presentation of Property and Equipment

The accompanying schedule of expenditures of federal awards presents property and equipment acquisitions as expenditures under the definition of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Regulations, Cost Principles, and Audit Requirement for Federal Awards.* The consolidated financial statements present property and equipment acquisitions as assets in accordance with accounting principles generally accepted in the United States of America.

VALEO BEHAVIORAL HEALTH CARE, INC.,
VALEO CRP, INC. AND THE VALEO FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2024

Section I. Summary of Independent Auditors' Results

Consolidated Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to consolidated financial statements noted	None
Federal Awards	
Type of auditors' report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	No
Identification of major programs:	
Assistance Listing Number	Name of Federal Program
93.959	Substance Abuse Prevention and Treatment Block Grant
Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as a low-risk auditee	Yes

(Continued)

Section II. Financial Statement Findings

None.

Section III. Findings and Questioned Costs for Federal Awards

None.

BT & Co. P.A.
Certified Public Accountants

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

The Boards of Directors
Valeo Behavioral Health Care, Inc., Valeo CRP, Inc. and The Valeo Foundation
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Valeo Behavioral Health Care, Inc. (Valeo), Valeo CRP, Inc. (CRP) and The Valeo Foundation (the Foundation) (collectively, the Organization) which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 16, 2025. The financial statements of CRP and the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with CRP and the Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Valeo'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Valeo's internal control. Accordingly, we do not express an opinion on the effectiveness of Valeo'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 Valeo's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

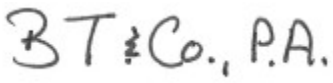
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

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



June 16, 2025
Topeka, Kansas

BT & Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Boards of Directors
Valeo Behavioral Health Care, Inc., Valeo CRP, Inc. and The Valeo Foundation
Topeka, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Valeo Behavioral Health Care, Inc.'s (Valeo's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Valeo's major federal program for the year ended December 31, 2024. Valeo's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Valeo complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Valeo 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 the major federal program. Our audit does not provide a legal determination of Valeo'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 Valeo's federal programs.

Auditors' 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 Valeo'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 GAAS, *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. Non-compliance 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 Valeo's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Valeo's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Valeo'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 Valeo'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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

BT & Co., P.A.

June 16, 2025
Topeka, Kansas