



*Certified Public Accountants*

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

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CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
CONSOLIDATED FINANCIAL STATEMENTS  
Years Ended December 31, 2021 and 2020

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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 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, 2021 and 2020, 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 financial position of the Organization as of December 31, 2020 and 2021, 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 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.

#### ***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' 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 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 audits of the consolidated financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 21, 2022 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.

BT & Co., P.A.

June 21, 2022  
Topeka, Kansas

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,143,987	\$ 4,072,067
Operating investments	11,145,885	9,361,095
Other investments	10,060	-
Accounts receivable, net	1,021,326	978,605
Grants receivable	484,126	500,215
Interest receivable	9,700	9,036
Other receivable	414,088	219,347
Prepaid expenses	343,429	348,097
	<u>14,572,601</u>	<u>15,488,462</u>
Total current assets		
Operating investments, board designated	692,709	676,171
Property and equipment, net of accumulated depreciation	<u>6,843,131</u>	<u>7,390,129</u>
Total assets	<u>\$ 22,108,441</u>	<u>\$ 23,554,762</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 114,010	\$ 126,214
Accrued payroll	477,970	401,051
Accrued vacation	735,671	648,381
Other accrued expenses	482,398	547,491
Unearned revenue	276,900	332,548
	<u>2,086,949</u>	<u>2,055,685</u>
Total current liabilities		
Net assets:		
Without donor restrictions:		
Board designated	771,718	760,036
Undesignated	19,149,739	20,639,353
With donor restrictions	<u>100,035</u>	<u>99,688</u>
Total net assets	<u>20,021,492</u>	<u>21,499,077</u>
Total liabilities and net assets	<u>\$ 22,108,441</u>	<u>\$ 23,554,762</u>

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, 2021 and 2020

	2021	2020
Net assets without donor restrictions:		
Revenues and support:		
Patient service revenue	\$ 9,173,128	\$ 9,749,612
State mental health funds	3,997,585	3,877,270
Grants and contracts	2,860,410	2,913,795
Paycheck Protection Program loan forgiveness	-	2,770,200
Provider Relief Fund	-	329,441
Coronavirus Relief Fund	386,450	938,829
AAPS contract	1,160,055	1,016,802
Shawnee County taxes	2,026,454	1,849,552
City of Topeka taxes	297,775	285,275
Interest and investment loss	343,370	1,103,826
Donations	50,196	55,891
Miscellaneous	927,151	922,617
Gain on sale of assets	213,203	-
Net assets released from restriction - program support	19,718	16,199
	<u>21,455,495</u>	<u>25,829,309</u>
Total revenues and support		
Expenses:		
Outreach case management	2,001,235	1,997,403
Crisis diversion services	3,909,074	4,365,577
Valeo Recovery Center	1,636,368	1,667,077
Other mental health services	10,773,825	10,290,429
CRP program services	440,845	510,200
Management and general	3,914,984	3,314,329
Fundraising	257,096	341,854
	<u>22,933,427</u>	<u>22,486,869</u>
Total expenses		
Change in net assets without donor restriction	<u>(1,477,932)</u>	<u>3,342,440</u>
Net assets with donor restrictions:		
Contributions	20,065	62,997
Net assets released from restriction - program support	<u>(19,718)</u>	<u>(16,199)</u>
Change in net assets with donor restrictions	<u>347</u>	<u>46,798</u>
Change in net assets	<u>(1,477,585)</u>	<u>3,389,238</u>
Net assets, beginning of year, as previously reported	21,499,077	17,174,817
Prior period adjustment	<u>-</u>	<u>935,022</u>
Net assets, beginning of year, as restated	<u>21,499,077</u>	<u>18,109,839</u>
Net assets, end of year	<u>\$ 20,021,492</u>	<u>\$ 21,499,077</u>

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, 2021

	Valeo						
	Program Services						
	Outreach Case Management	Crisis Diversion Services	Valeo Recovery Center	Other Mental Health Services	Fundraising	Management and General	Total Expenses
Salaries and fringe benefits	\$ 1,702,648	\$ 3,149,400	\$ 1,425,456	\$ 6,322,944	\$ 162,922	\$ 3,167,533	\$ 15,930,903
Payments to other organizations	-	-	-	2,966,030	-	-	2,966,030
Depreciation	28,706	197,994	9,508	322,830	-	15,902	574,940
Telephone and utilities	37,319	132,658	9,103	210,284	-	76,985	466,349
Food and client supplies	87,622	89,447	83,584	117,549	-	-	378,202
Maintenance and repairs	-	127,931	-	143,161	-	21,502	292,594
Meetings and travel	62,757	14,916	-	34,150	-	10,463	122,286
Rents	-	-	-	10,200	-	-	10,200
Advertising	867	13,464	13,334	24,526	6,241	34,058	92,490
Printing and postage	680	1,385	423	3,082	-	21,171	26,741
Professional services	7,009	7,544	4,120	267,701	-	110,572	396,946
General and professional liability insurance	9,135	11,665	8,496	27,451	-	33,551	90,298
Seminars	2,153	795	2,345	18,587	-	7,501	31,381
Office supplies	13,818	28,397	15,479	36,952	-	34,387	129,033
Data processing supplies and support	41,403	72,085	37,478	95,231	-	189,896	436,093
Client transportation	1,464	16,521	5,267	42,779	-	-	66,031
Medical supplies	-	5,119	8,415	48,879	-	-	62,413
Medical services	-	-	-	-	-	5,385	5,385
Dues and memberships	3,816	6,920	5,658	14,223	-	16,399	47,016
Non-capital equipment	-	7,962	7,237	-	-	41,179	56,378
Property insurance	-	21,961	-	62,832	-	11,148	95,941
Books and library materials	-	-	-	-	-	-	-
Miscellaneous	1,838	2,910	465	4,434	63,452	85,150	158,249
Total expenses	\$ 2,001,235	\$ 3,909,074	\$ 1,636,368	\$ 10,773,825	\$ 232,615	\$ 3,882,782	\$ 22,435,899

(Continued)



VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
(Continued)  
Year Ended December 31, 2021

	CRP				The Foundation	
	Program Services	Fundraising	Management and General	Total Expenses	Fundraising	Total Expenses
Salaries and fringe benefits	\$ 271,532	\$ -	\$ 9,328	\$ 280,860	\$ -	\$ 16,211,763
Payments to other organizations	-	-	-	-	-	2,966,030
Depreciation	31,755	-	790	32,545	-	607,485
Telephone and utilities	23,754	-	-	23,754	-	490,103
Food and client supplies	29,590	-	-	29,590	1,386	409,178
Maintenance and repairs	25,426	-	-	25,426	-	318,020
Meetings and travel	1,535	-	155	1,690	279	124,255
Rents	-	-	-	-	-	10,200
Advertising	-	-	89	89	-	92,579
Printing and postage	-	-	-	-	-	26,741
Professional services	32,625	-	9,605	42,230	1,192	440,368
General and professional liability insurance	8,255	-	1,020	9,275	-	99,573
Seminars	32	-	65	97	-	31,478
Office supplies	-	-	322	322	-	129,355
Data processing supplies and support	-	-	-	-	-	436,093
Client transportation	5,743	-	-	5,743	-	71,774
Medical supplies	65	-	-	65	-	62,478
Medical services	-	-	-	-	-	5,385
Dues and memberships	-	-	40	40	65	47,121
Non-capital equipment	140	-	-	140	-	56,518
Property insurance	9,384	-	-	9,384	-	105,325
Books and library materials	435	-	-	435	-	435
Miscellaneous	574	3,802	10,788	15,164	17,757	191,170
Total expenses	\$ 440,845	\$ 3,802	\$ 32,202	\$ 476,849	\$ 20,679	\$ 22,933,427

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, 2020

	Valeo						
	Program Services						
	Outreach Case Management	Crisis Diversion Services	Valeo Recovery Center	Other Mental Health Services	Fundraising	Management and General	Total Expenses
Salaries and fringe benefits	\$ 1,629,840	\$ 3,535,387	\$ 1,471,101	\$ 6,142,778	\$ 193,517	\$ 2,669,383	\$ 15,642,006
Payments to other organizations	-	-	-	2,843,591	-	-	2,843,591
Depreciation	14,999	281,305	18,312	231,081	-	19,478	565,175
Telephone and utilities	33,134	126,352	8,928	182,628	-	64,961	416,003
Food and client supplies	177,791	84,657	78,089	64,449	-	-	404,986
Maintenance and repairs	-	122,487	-	159,404	-	12,546	294,437
Meetings and travel	55,446	13,279	68	28,670	-	10,053	107,516
Rents	-	-	-	10,200	-	-	10,200
Advertising	1,166	4,385	95	3,234	5,338	7,307	21,525
Printing and postage	764	1,591	957	4,373	-	17,867	25,552
Professional services	3,350	5,518	4,010	272,689	-	115,320	400,887
General and professional liability insurance	6,953	8,878	6,467	19,964	-	31,655	73,917
Seminars	1,286	1,576	3,293	9,208	-	3,846	19,209
Office supplies	16,656	30,627	19,100	87,110	-	28,882	182,375
Data processing supplies and support	46,300	81,688	42,472	108,347	-	83,103	361,910
Client transportation	871	8,855	4,568	21,044	-	-	35,338
Medical supplies	418	9,656	3,105	12,519	-	-	25,698
Medical services	-	-	-	-	-	14,220	14,220
Dues and memberships	4,139	6,990	5,105	15,580	-	24,892	56,706
Non-capital equipment	2,720	17,036	1,079	1,374	-	144,353	166,562
Property insurance	-	22,813	-	71,121	-	9,510	103,444
Books and library materials	40	-	-	-	-	-	40
Miscellaneous	1,530	2,497	328	1,065	60,166	42,917	108,503
Total expenses	\$ 1,997,403	\$ 4,365,577	\$ 1,667,077	\$ 10,290,429	\$ 259,021	\$ 3,300,293	\$ 21,879,800

(Continued)

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
(Continued)  
Year Ended December 31, 2020

	CRP				The Foundation	
	Program Services	Fundraising	Management and General	Total Expenses	Fundraising	Total Expenses
Salaries and fringe benefits	\$ 315,300	\$ -	\$ (928)	\$ 314,372	\$ -	\$ 15,956,378
Payments to other organizations	-	-	-	-	-	2,843,591
Depreciation	32,589	-	832	33,421	-	598,596
Telephone and utilities	28,035	-	-	28,035	-	444,038
Food and client supplies	31,214	-	-	31,214	6,351	442,551
Maintenance and repairs	43,763	-	-	43,763	-	338,200
Meetings and travel	977	-	104	1,081	210	108,807
Rents	-	-	-	-	-	10,200
Advertising	-	-	150	150	-	21,675
Printing and postage	167	-	-	167	-	25,719
Professional services	39,088	-	2,792	41,880	-	442,767
General and professional liability insurance	6,537	-	808	7,345	-	81,262
Seminars	99	-	-	99	-	19,308
Office supplies	34	-	-	34	22	182,431
Data processing supplies and support	-	-	491	491	-	362,401
Client transportation	2,384	-	-	2,384	-	37,722
Medical supplies	205	-	-	205	-	25,903
Medical services	-	-	-	-	-	14,220
Dues and memberships	-	-	320	320	2,562	59,588
Non-capital equipment	-	-	-	-	-	166,562
Property insurance	9,425	-	-	9,425	-	112,869
Books and library materials	383	-	-	383	-	423
Miscellaneous	-	3,941	9,467	13,408	69,747	191,658
Total expenses	\$ 510,200	\$ 3,941	\$ 14,036	\$ 528,177	\$ 78,892	\$ 22,486,869

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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (1,477,585)	\$ 3,429,454
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	607,485	558,380
Realized gain on investments	(249,475)	(231,970)
Unrealized (gain) loss on investments	89,074	(400,619)
Gain on disposal of property and equipment	(213,203)	(4,301)
Gain on transfer of property and equipment	-	(272,480)
Changes in assets and liabilities:		
Accounts receivable	(42,721)	(17,536)
Grants receivable	16,089	(78,354)
Interest receivable	(664)	16,989
Other receivable	(194,741)	(47,549)
Prepaid expenses	4,668	(131,229)
Accounts payable	(12,204)	31,408
Accrued payroll	76,919	(468,220)
Accrued vacation	87,290	78,623
Other accrued expenses	(65,093)	423,620
Unearned revenue	(55,648)	93,627
Net cash flows from operating activities	(1,429,809)	2,979,843
Cash flows from investing activities:		
Proceeds from sale of property and equipment	224,770	8,900
Purchase of property and equipment	(72,054)	(469,411)
Proceeds from redemption of investments	-	500,000
Purchase of investments	(1,650,987)	(294,608)
Net cash flows from investing activities	(1,498,271)	(255,119)
Net increase (decrease) in cash and cash equivalents	(2,928,080)	2,724,724
Cash and cash equivalents, beginning of year	4,072,067	1,347,343
Cash and cash equivalents, end of year	\$ 1,143,987	\$ 4,072,067

See accompanying notes to consolidated financial statements.

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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.

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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 mutual funds, corporate and municipal bonds, fixed income funds, federal government securities, 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. Patient receivables are written off to bad debt 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.

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Deferred Compensation Plan

In 2021, the Organization entered into a deferred compensation agreement with a key employee. The agreement stipulates the employee will receive 60 monthly payments beginning on May 31, 2021. Assuming he remains employed by the Organization until the end of the plan, payments would total \$ 75,000. In the event the Organization and the employee mutually agree to terminate their employment prior to the end of the plan term, the employee will receive the vested present value interest in the plan as of the effective date of termination of employment. This deferred compensation plan is funded by the general assets of the Organization.

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, 2021 and 2020, the Organization had net assets with donor restrictions of \$ 100,035 and \$ 99,688, respectively, restricted for Valeo and CRP program purposes. As of December 31, 2021 and 2020, 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

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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 collect 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 bad debt expense. Bad debt expense for the year ended December 31, 2021 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.

#### 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 judgements 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, 2021 and 2020, respectively, conditional contributions approximating \$ 6,131,174 and \$ 6,222,412, for which \$ 276,900 and \$ 332,548 had been received in advance and shown as unearned revenue in the statement of financial position, have not been recognized in the accompanying consolidated financial statements.



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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.

Advertising Costs

Advertising costs are charged to operations incurred. For the years ended December 31, 2021 and 2020, advertising costs totaled \$ 92,579 and \$ 21,675, respectively.

Functional Expense Allocation

Costs have been allocated among the programs and supporting services on the basis of benefits received from the associated costs. Other organizations are sub-recipients of federal, state, and local moneys.

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.

Pending Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense

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recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Management is currently evaluating the effect that the standard will have on the financial statements.

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, 2021 and 2020 are:

	2021	2020
Financial assets:		
Cash and cash equivalents, current	\$ 1,143,987	\$ 4,072,067
Operating investments, current	11,145,885	9,361,095
Other investments	10,060	-
Accounts receivable, net	1,021,326	978,605
Grants receivable	484,126	500,215
Interest receivable	9,700	9,036
Other receivable	414,088	219,347
	<hr/>	<hr/>
Total financial assets	14,229,172	15,140,365
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (see Note 1)	(100,035)	(99,688)
Board-designated funds in operating investments	(79,009)	(83,865)
	<hr/>	<hr/>
Amount available for general expenditures within one year	<u>\$ 14,050,128</u>	<u>\$ 14,956,812</u>

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 that could be utilized in the event of an unanticipated liquidity need.

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3 - Investments

Investments held by the Organization were as follows at December 31, 2021:

	Cost	Fair Value
Certificates of deposit	\$ 799,072	\$ 799,072
Equity mutual funds	2,055,846	2,578,986
Mutual funds	17,813	18,962
Fixed income funds	8,031,264	8,104,203
Money market mutual funds	337,371	337,371
	<hr/>	<hr/>
Total operating investments	\$ 11,241,366	\$ 11,838,594
	<hr/>	<hr/>

Investments held by the Organization were as follows at December 31, 2020:

	Cost	Fair Value
Certificates of deposit	\$ 792,925	\$ 792,925
Equity mutual funds	1,783,865	2,101,374
Mutual funds	13,531	14,294
Fixed income funds	6,489,435	6,857,465
Treasury bills	-	-
Money market mutual funds	271,208	271,208
	<hr/>	<hr/>
Total operating investments	\$ 9,350,964	\$ 10,037,266
	<hr/>	<hr/>

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;

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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, 2021.

*Mutual funds, municipal bonds, 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, 2021 is as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Equity mutual funds:				
Diversified emerging markets	\$ 145,374	\$ 145,374	\$ -	\$ -
Foreign small/mid growth	5,847	5,847	-	-
Foreign large blend	546,453	546,453	-	-
Small blend	95,814	95,814	-	-
Large value	52,805	52,805	-	-
Large blend	1,732,693	1,732,693	-	-
Municipal bonds:				
Market neutral	7,869	7,869	-	-
World Allocation	11,093	11,093	-	-
Fixed income funds:				
Foreign large growth	630,257	630,257	-	-
High-yield bond	489,414	489,414	-	-
Intermediate core-plus bond	6,379,439	6,379,439	-	-
Multisector bond	591,483	591,483	-	-
World bond - USD hedged	13,610	13,610	-	-
Money market mutual funds	337,371	337,371	-	-
Total	<u>\$ 11,039,522</u>	<u>\$ 11,039,522</u>	<u>\$ -</u>	<u>\$ -</u>

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Fair value of assets measured on a recurring basis at December 31, 2020 is as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Equity mutual funds:				
Diversified emerging markets	\$ 118,189	\$ 118,189	\$ -	\$ -
Foreign small/mid growth	107,023	107,023	-	-
Foreign large blend	285,496	285,496	-	-
Large value	44,696	44,696	-	-
Large blend	1,479,986	1,479,986	-	-
Mid-cap growth	26,826	26,826	-	-
Small blend	39,158	39,158	-	-
Mutual funds:				
Market neutral	5,618	5,618	-	-
World allocation	5,825	5,825	-	-
Real estate	2,851	2,851	-	-
Fixed income funds:				
Foreign large growth	2,209,192	2,209,192	-	-
High-yield bond	290,539	290,539	-	-
Intermediate core-plus bond	3,774,639	3,774,639	-	-
Multisector bond	3	3	-	-
Short-term bond	302,187	302,187	-	-
World bond - USD hedged	280,905	280,905	-	-
Money market mutual funds	271,208	271,208	-	-
Total	<u>\$ 9,244,341</u>	<u>\$ 9,244,341</u>	<u>\$ -</u>	<u>\$ -</u>

5 - Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Land	\$ 799,003	\$ 799,003
Buildings	12,345,506	12,771,775
Real estate leasehold	123,676	123,676
Leasehold improvements	247,984	247,984
Office equipment	4,154,692	4,093,525
Motor vehicles	543,598	543,598
Total property and equipment	18,214,459	18,579,561
Less accumulated depreciation	(11,371,328)	(11,189,432)
Total property and equipment, net of accumulated depreciation	<u>\$ 6,843,131</u>	<u>\$ 7,390,129</u>

Depreciation expense for the Organization for the years ended December 31, 2021 and 2020 was \$ 607,485 and \$ 598,596, respectively.

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6 - Operating Leases

The Organization leases certain office facilities and equipment under operating lease agreements. Under the terms of these leases, the facilities and the equipment remain the property of the lessor and, accordingly, are recorded as an asset. Rental expense incurred under these leases was \$ 101,712 and \$ 100,908, respectively, during the years ending December 31, 2021 and 2020. Future annual minimum rental payments are as follows:

2022	\$ 74,558
2023	<u>64,449</u>
	<u>\$ 139,007</u>

7 - Board Designated Net Assets

Valeo has designated a portion of net assets for the accrued health insurance liability. 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:

	<u>2021</u>	<u>2020</u>
Health insurance liability	\$ 78,392	\$ 83,258
Board designated investments, including accrued interest	<u>693,326</u>	<u>676,778</u>
Total board designated net assets	<u>\$ 771,718</u>	<u>\$ 760,036</u>

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 \$ 230,626 and \$ 146,771 and profit-sharing was \$ 186,268 and \$ 413,585 for the years ended December 31, 2021 and 2020, respectively.

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9 - Payments to Other Organizations

The Organization's payments to other organizations for the year ended December 31 consist of the following:

	2021	2020
Breakthrough House	\$ 328,211	\$ 328,211
Family Service and Guidance Center	2,637,819	2,515,380
Total payments to other organizations	<u>\$ 2,966,030</u>	<u>\$ 2,843,591</u>

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 approximately \$ 2,220,117.

The Organization made claim payments of \$ 1,942,239 and \$ 1,763,633, respectively, during the years ended December 31, 2021 and 2020. At December 31, 2021 and 2020, the Organization had recorded a combined liability of \$ 229,573 and \$ 85,755, respectively, for estimated self-insured liability claims which are included in other accrued expenses on the consolidated statement 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.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have

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an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the Organization. Additionally, it is reasonably possible that estimates made in the Organization's financial statements could be materially and adversely impacted in the near term as a result of these conditions.

12 - Prior Period Adjustment – Correction of an Error

Net assets at January 1, 2020 on the statements of activities was restated to account for a donated building that was not recognized from a previous fiscal year. The effect of this restatement on the beginning net assets at January 1, 2020 was an increase of \$ 935,022, which represents the book value of the building at January 1, 2020.

13 - 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.



## SUPPLEMENTARY INFORMATION

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
December 31, 2021

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 904,674	\$ 152,266	\$ 87,047	\$ -	\$ 1,143,987
Operating investments	10,530,673	-	615,212	-	11,145,885
Other investments	10,060	-	-	-	10,060
Accounts receivable, net	975,242	32,907	13,177	-	1,021,326
Grants receivable	484,126	-	-	-	484,126
Interest receivable	8,892	617	191	-	9,700
Other receivable	402,351	11,737	-	-	414,088
Prepaid expenses	333,224	10,205	-	-	343,429
Due from affiliates	37,347	22,385	-	(59,732)	-
Total current assets	13,686,589	230,117	715,627	(59,732)	14,572,601
Operating investments, board designated	-	692,709	-	-	692,709
Property and equipment, net of accumulated depreciation	6,694,655	148,476	-	-	6,843,131
Total assets	<u>\$ 20,381,244</u>	<u>\$ 1,071,302</u>	<u>\$ 715,627</u>	<u>\$ (59,732)</u>	<u>\$ 22,108,441</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current liabilities:					
Accounts payable	\$ 108,895	\$ 5,115	\$ -	\$ -	\$ 114,010
Accrued payroll	469,818	8,152	-	-	477,970
Accrued vacation	727,815	7,856	-	-	735,671
Other accrued expenses	480,848	1,458	92	-	482,398
Unearned revenue	276,900	-	-	-	276,900
Due to affiliates	-	-	59,732	(59,732)	-
Total current liabilities	2,064,276	22,581	59,824	(59,732)	2,086,949
Net assets:					
Without donor restrictions:					
Board designated	78,392	693,326	-	-	771,718
Undesignated	18,145,954	347,982	655,803	-	19,149,739
With donor restrictions:	92,622	7,413	-	-	100,035
Total net assets	18,316,968	1,048,721	655,803	-	20,021,492
Total liabilities and net assets	<u>\$ 20,381,244</u>	<u>\$ 1,071,302</u>	<u>\$ 715,627</u>	<u>\$ (59,732)</u>	<u>\$ 22,108,441</u>

VALEO BEHAVIORAL HEALTH CARE, INC.,  
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
December 31, 2020

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 3,888,805	\$ 87,618	\$ 95,644	\$ -	\$ 4,072,067
Operating investments	8,813,582	-	547,513	-	9,361,095
Accounts receivable, net	925,378	42,371	10,856	-	978,605
Grants receivable	500,215	-	-	-	500,215
Interest receivable	7,893	607	536	-	9,036
Other receivable	207,610	11,737	-	-	219,347
Prepaid expenses	338,838	9,259	-	-	348,097
Due from affiliates	112,298	-	-	(112,298)	-
Total current assets	14,794,619	151,592	654,549	(112,298)	15,488,462
Operating investments, board designated	-	676,171	-	-	676,171
Property and equipment, net of accumulated depreciation	7,209,108	181,021	-	-	7,390,129
Total assets	<u>\$ 22,003,727</u>	<u>\$ 1,008,784</u>	<u>\$ 654,549</u>	<u>\$ (112,298)</u>	<u>\$ 23,554,762</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current liabilities:					
Accounts payable	\$ 122,388	\$ 3,826	\$ -	\$ -	\$ 126,214
Accrued payroll	392,035	9,016	-	-	401,051
Accrued vacation	644,079	4,302	-	-	648,381
Other accrued expenses	536,476	11,015	-	-	547,491
Unearned revenue	332,548	-	-	-	332,548
Due to affiliates	-	14,634	97,664	(112,298)	-
Total current liabilities	2,027,526	42,793	97,664	(112,298)	2,055,685
Net assets:					
Without restrictions:					
Board designated	83,258	676,778	-	-	760,036
Undesignated	19,800,460	282,008	556,885	-	20,639,353
With donor restrictions	92,483	7,205	-	-	99,688
Total net assets	19,976,201	965,991	556,885	-	21,499,077
Total liabilities and net assets	<u>\$ 22,003,727</u>	<u>\$ 1,008,784</u>	<u>\$ 654,549</u>	<u>\$ (112,298)</u>	<u>\$ 23,554,762</u>

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
Net assets without donor restrictions:					
Revenues and support:					
Patient service revenue	\$ 8,658,040	\$ 515,088	\$ -	\$ -	\$ 9,173,128
State mental health funds	3,997,585	-	-	-	3,997,585
Grants and contracts	2,860,410	-	-	-	2,860,410
Coronavirus Relief Fund	386,450	-	-	-	386,450
AAPS contract	1,160,055	-	-	-	1,160,055
Shawnee County taxes	2,026,454	-	-	-	2,026,454
City of Topeka taxes	297,775	-	-	-	297,775
Interest and investment income	255,010	18,959	69,401	-	343,370
Donations	-	-	50,196	-	50,196
Miscellaneous	901,827	25,324	-	-	927,151
Gain on sale of assets	213,203	-	-	-	213,203
Net assets released from restriction - program support	19,718	-	-	-	19,718
Total revenues and support	20,776,527	559,371	119,597	-	21,455,495
Expenses:					
Salaries and fringe benefits	15,930,903	280,860	-	-	16,211,763
Payments to other organizations	2,966,030	-	-	-	2,966,030
Depreciation and amortization	574,940	32,545	-	-	607,485
Telephone and utilities	466,349	23,754	-	-	490,103
Food and client supplies	378,202	29,590	1,386	-	409,178
Maintenance and repairs	292,594	25,426	-	-	318,020
Meetings and travel	122,286	1,690	279	-	124,255
Rents	10,200	-	-	-	10,200
Advertising	92,490	89	-	-	92,579
Printing and postage	26,741	-	-	-	26,741
Professional services	396,946	42,230	1,192	-	440,368
General and professional liability insurance	90,298	9,275	-	-	99,573
Seminars	31,381	97	-	-	31,478
Office supplies	129,033	322	-	-	129,355
Data processing supplies and support	436,093	-	-	-	436,093
Client transportation	66,031	5,743	-	-	71,774
Medical supplies	62,413	65	-	-	62,478
Medical services	5,385	-	-	-	5,385
Dues and memberships	47,016	40	65	-	47,121
Non-capital equipment	56,378	140	-	-	56,518
Property insurance	95,941	9,384	-	-	105,325
Books and library materials	-	435	-	-	435
Miscellaneous	158,249	15,164	17,757	-	191,170
Total expenses	22,435,899	476,849	20,679	-	22,933,427
Change in net assets without donor restriction	(1,659,372)	82,522	98,918	-	(1,477,932)
Net assets with donor restrictions:					
Contributions	19,857	208	-	-	20,065
Net assets released from restriction - program support	(19,718)	-	-	-	(19,718)
Change in net assets with donor restrictions	139	208	-	-	347
Change in net assets	(1,659,233)	82,730	98,918	-	(1,477,585)
Net assets, beginning of year	19,976,201	965,991	556,885	-	21,499,077
Net assets, end of year	\$ 18,316,968	\$ 1,048,721	\$ 655,803	\$ -	\$ 20,021,492

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020

	Valeo	CRP	The Foundation	Eliminations	Consolidated Total
Net assets without donor restrictions:					
Revenues and support:					
Patient service revenue	\$ 9,253,431	\$ 496,181	\$ -	\$ -	\$ 9,749,612
State mental health funds	3,877,270	-	-	-	3,877,270
Grants and contracts	2,913,795	-	-	-	2,913,795
Paycheck Protection Program loan forgiveness	2,770,200	-	-	-	2,770,200
Provider Relief Fund	329,441	-	-	-	329,441
Coronavirus Relief Fund	938,829	-	-	-	938,829
AAPS contract	1,016,802	-	-	-	1,016,802
Shawnee County taxes	1,849,552	-	-	-	1,849,552
City of Topeka taxes	285,275	-	-	-	285,275
Management fees	74,427	-	-	(74,427)	-
Interest and investment loss	714,653	330,147	59,026	-	1,103,826
Donations	-	-	55,891	-	55,891
Miscellaneous	786,652	135,965	-	-	922,617
Contribution of building from CRP	498,322	-	-	(498,322)	-
Net assets released from restriction - program support	16,199	-	-	-	16,199
Total revenues and support	25,324,848	962,293	114,917	(572,749)	25,829,309
Expenses:					
Salaries and fringe benefits	15,642,006	388,799	-	(74,427)	15,956,378
Payments to other organizations	2,843,591	-	-	-	2,843,591
Depreciation and amortization	565,175	33,421	-	-	598,596
Telephone and utilities	416,003	28,035	-	-	444,038
Food and client supplies	404,986	31,214	6,351	-	442,551
Maintenance and repairs	294,437	43,763	-	-	338,200
Meetings and travel	107,516	1,081	210	-	108,807
Rents	10,200	-	-	-	10,200
Advertising	21,525	150	-	-	21,675
Printing and postage	25,552	167	-	-	25,719
Professional services	400,887	41,880	-	-	442,767
General and professional liability insurance	73,917	7,345	-	-	81,262
Seminars	19,209	99	-	-	19,308
Office supplies	182,375	34	22	-	182,431
Data processing supplies and support	361,910	491	-	-	362,401
Client transportation	35,338	2,384	-	-	37,722
Medical supplies	25,698	205	-	-	25,903
Medical services	14,220	-	-	-	14,220
Dues and memberships	56,706	320	2,562	-	59,588
Non-capital equipment	166,562	-	-	-	166,562
Property insurance	103,444	9,425	-	-	112,869
Books and library materials	40	383	-	-	423
Contribution of building to BHC	-	498,322	-	(498,322)	-
Miscellaneous	108,503	13,408	69,747	-	191,658
Total expenses	21,879,800	1,100,926	78,892	(572,749)	22,486,869
Change in net assets without donor restriction	3,445,048	(138,633)	36,025	-	3,342,440
Net assets with donor restrictions:					
Contributions	62,857	140	-	-	62,997
Net assets released from restriction - program support	(16,199)	-	-	-	(16,199)
Change in net assets with donor restrictions	46,658	140	-	-	46,798
Change in net assets	3,491,706	(138,493)	36,025	-	3,389,238
Net assets, beginning of year, as previously reported	15,549,473	1,104,484	520,860	-	17,174,817
Prior period adjustment	935,022	-	-	-	935,022
Net assets, beginning of year, as restated	16,484,495	1,104,484	520,860	-	18,109,839
Net assets, end of year	\$ 19,976,201	\$ 965,991	\$ 556,885	\$ -	\$ 21,499,077

VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2021

Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Passed on to Subrecipients
U.S. Department of Housing and Urban Development:				
Passed through the Kansas Housing Resource Corporation:				
Emergency Solutions Grant	14.231	ESG CV1	\$ 169,266	\$ -
Passed through Community Action, Inc.:				
Supportive Housing Project - FY21	14.235		57,874	-
Supportive Housing Project - FY22	14.235		5,247	-
Total U. S. Department of Housing and Urban Development			232,387	-
U.S. Department of Health and Human Services:				
COVID-19 Provider Relief Fund	93.498		329,441	-
Passed through Kansas Department for Aging and Disability Services:				
PATH Block Grant - FY21	93.150	PATH 21-023	60,788	-
PATH Block Grant - FY22	93.150	PATH 22-023	48,660	-
COVID-19 Promoting Safe and Stable Families	93.665	6H79FG000306-01M001	386,450	-
Community Mental Health Services Block Grant	93.958	MHCC 21-023	199,375	164,106
Community Mental Health Services Block Grant	93.958	1B09SM082601-01	199,375	164,106
First Episode Psychosis - FY20	93.958	3B09SM010020	50,128	-
First Episode Psychosis - FY21	93.958	3B09SM010020	63,780	-
Block Grant for Prevention and Treatment of Substance Abuse	93.959	ADT-05-05-04	482,135	-
Passed through Kansas Housing Resource Corporation:				
Community Services Block Grant	93.569	21 DISC 20A	3,458	-
Total U.S. Department of Health and Human Services			1,823,590	328,212
U.S. Department of Homeland Security:				
Passed through Kansas Adjutant General:				
COVID-19 Crisis Counseling Assistance and Training Program	97.032		77,204	-
Total expenditures of federal awards			\$ 2,133,181	\$ 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  
December 31, 2021

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, 2021. 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. Valeo has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3 - 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, 2021

**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:	
<u>Assistance Listing Number</u> 93.959	<u>Name of Federal Program</u> Block Grants for Prevention and Treatment of Substance Abuse
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as a low-risk auditee	Yes

(Continued)



VALEO BEHAVIORAL HEALTH CARE, INC.,  
VALEO CRP, INC. AND THE VALEO FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section II. Financial Statement Findings**

None.

**Section III. Findings and Questioned Costs for Federal Awards**

None.



**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, 2021, 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 21, 2022. 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 instances of reportable noncompliance 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.

An Independently Owned Member, RSM US Alliance

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## **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.

BT & Co., P.A.

June 21, 2022  
Topeka, Kansas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE**

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), Valeo CRP, Inc.'s (CRP's) and The Valeo Foundation's (the Foundation's) (collectively, the Organization's) compliance with the types of compliance requirements described 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, 2021. 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, 2021.

**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 the Organization 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 its major federal program. Our audit does not provide a legal determination of Valeo's compliance with the compliance requirements referred to above.

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## **Other Matter**

The Organization's basic financial statements include the operations of CRP and the Foundation, related parties for Valeo, both of which did not receive federal awards and are not included in the Organization's schedule of expenditures of federal awards during the year ended December 31, 2021. Our audit, described below, did not include the operations of CRP and the Foundation because these entities did not expend federal awards.

## **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 21, 2022  
Topeka, Kansas