FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Financial Statements
December 31, 2021
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MIZE
CPAs INC.

Independent Auditor's Report

To the Board of Directors
Family Service and Guidance Center of Topeka, Inc.
Family Service and Guidance Center Foundation
Topeka, Kansas

Opinion

We have audited the accompanying combined financial statements of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation (nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2021, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related summary of significant accounting policies and notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's 2020 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated May 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022 on our consideration of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's internal control over financial reporting and compliance.

Mize CPAs Inc.

June 8, 2022
Topeka, Kansas

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statement of Financial Position
December 31, 2021
With Summarized Financial Information for December 31, 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Assets:				
Cash and cash equivalents	$ 2,648,140	$ -	$ 2,648,140	$ 3,006,628
Cash and cash equivalents – Foundation	362,510		362,510	292,868
Accounts receivable (net):				
Client services	911,408		911,408	1,210,885
Other	221,440		221,440	10,223
Pledges receivable – Foundation		41,245	41,245	40,554
Prepaid expenses	157,990		157,990	111,378
Investments	12,752,529	206,562	12,959,091	11,631,132
Investments – Foundation	936,517	2,477,749	3,414,266	3,194,499
Investment in 457 retirement account	2,019,451		2,019,451	1,847,877
Land, property and equipment at cost, less accumulated depreciation	7,075,060		7,075,060	7,290,420
Total assets	$27,085,045	$ 2,725,556	$29,810,601	$28,636,464
Liabilities:				
Accounts payable	$ 250,752	$ -	$ 250,752	$ 228,319
Accrued payroll and payroll tax	326,078		326,078	271,810
Accrued health insurance claims	26,023		26,023	135,423
Accrued vacation and sick leave	860,398		860,398	777,636
Other accrued expenses	68,340		68,340	82,886
Notes payable – Federal CARES Act PPP loan				2,793,200
Deferred revenue	626,740		626,740	151,637
Due to 457 retirement participants	2,019,451		2,019,451	1,847,877
Total liabilities	4,177,782	-	4,177,782	6,288,788
Net assets:				
Without donor restrictions	22,907,263		22,907,263	19,853,592
With donor restrictions		2,725,556	2,725,556	2,494,084
Total net assets	22,907,263	2,725,556	25,632,819	22,347,676
Total liabilities and net assets	$27,085,045	$ 2,725,556	$29,810,601	$28,636,464

The accompanying summary of significant accounting policies and notes
are an integral part of these statements

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statement of Activities
Year Ended December 31, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues:				
Public support:				
State aid	$ 1,993,545	$ -	$ 1,993,545	$ 1,979,124
County funding	499,996		499,996	456,624
Federal CARES Act PPP Funds	2,793,200		2,793,200	
Federal CARES Act Provider Relief Funds				1,156,486
Shawnee County Coronavirus Relief Funds	2,308		2,308	256,136
Kansas Department for Aging and Disability Services CARES Act Funds				450,914
Grants	550,951		550,951	61,087
Federal food	17,678		17,678	22,254
Contributions	45,063	130,669	175,732	229,525
Total public support	5,902,741	130,669	6,033,410	4,612,150
Revenue:				
Medicaid – Fee for service	10,015,248		10,015,248	9,180,783
Insurance – Fee for service	1,181,006		1,181,006	1,277,735
Self-pay – Fee for service	388,806		388,806	314,272
Medicare – Fee for service				105
Less client refunds and bad debt	(66,999)		(66,999)	(39,032)
Contract	209,191		209,191	220,636
MCO incentive				7,331
Net investment income	882,698	122,091	1,004,789	433,572
Gain on sale of assets	26,370		26,370	
Miscellaneous	142,727		142,727	71,853
Total revenue	12,779,047	122,091	12,901,138	11,467,255
Net assets released from restrictions:				
Satisfaction of time restrictions	129,980	(129,980)		
Total net assets released from restrictions	129,980	(129,980)	-	-
Total public support and revenue	18,811,768	122,780	18,934,548	16,079,405
Expenses:				
Programs:				
Community based services	9,881,494		9,881,494	9,544,635
Educational, training and internships	317,475		317,475	346,982
Outpatient services	5,898,204		5,898,204	5,937,327
Total programs	16,097,173	-	16,097,173	15,828,944
Fundraising	222,203		222,203	193,855
Total expenses	16,319,376	-	16,319,376	16,022,799
Change in net assets from operations	2,492,392	122,780	2,615,172	56,606
Unrealized gains on investments	561,279	108,692	669,971	1,355,630
Change in net assets	3,053,671	231,472	3,285,143	1,412,236
Net assets at the beginning of year	19,853,592	2,494,084	22,347,676	20,935,440
Net assets at the end of the year	$22,907,263	$ 2,725,556	$25,632,819	$22,347,676

The accompanying summary of significant policies and notes
are an integral part of these statements

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statement of Functional Expenses
Year Ended December 31, 2021
With Summarized Financial Information for the Year Ended December 31, 2020

	Program Services						
	Community Based Services	Educational, Training & Internships	Outpatient Services	Fundraising Services	Administrative Services	2021 Total	2020 Total
Grants and other assistance to individuals in the United States	$ 6,604	$ -	$ 2,872	$ -	$ -	$ 9,476	$ 17,010
Salaries	4,841,113	171,640	3,695,088	105,428	1,778,515	10,591,784	10,517,098
Incentives	36,049	2,544	44,507	2,060	29,855	115,015	98,914
Pension plan accruals and contributions	249,531	6,830	200,409	6,304	103,933	567,007	486,763
Other employee benefits	760,961	21,910	322,649	10,125	258,840	1,374,485	1,364,093
Payroll taxes	344,941	11,669	244,996	7,675	123,170	732,451	734,295
Legal					5,429	5,429	19,251
Accounting					48,000	48,000	39,950
Advertising and promotion				2,082	46,042	48,124	52,043
Office expenses	92,982	2,303	48,736	15,941	159,396	319,358	270,020
Information technology	98,362	2,396	45,328	11,800	56,147	214,033	264,495
Occupancy	171,431	8,861	57,623	3,918	84,643	326,476	359,314
Travel	102,195		8,863	101	305	111,464	117,026
Subcontracting	31,658		9,387		341,564	382,609	337,430
Professional fees	96,300	15,974	74,097	23,830	67,838	278,039	188,787
Conferences, conventions and meetings	17,815	9,801	19,901	1,491	73,402	122,410	80,554
Interest							2,056
Depreciation, depletion and amortization	276,646	10,315	80,603	4,941	126,035	498,540	496,517
Insurance	21,419		13,949		94,964	130,332	123,144
Program supplies and expense, including food	203,956	2,954	35,557	26,090	77,998	346,555	395,115
Dues and licenses	1,429	3,638	7,422	417	35,934	48,840	44,390
Miscellaneous					(76)	(76)	(1,692)
Employment ads and background checks	10,416	640	1,849		36,120	49,025	16,226
Allocation of administrative expenses	2,517,686	46,000	984,368		(3,548,054)		
Total functional expenses	$9,881,494	$ 317,475	$5,898,204	$ 222,203	$ -	$16,319,376	$16,022,799

The accompanying summary of significant accounting policies and notes are an integral part of these statements

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statements of Cash Flows
Years Ended December 31,

	2021	2020
Cash flows from operating activities:		
Cash received from public support	$ 3,239,519	$ 4,616,526
Cash received for services	12,433,342	11,040,118
Cash paid to employees and vendors	(15,831,931)	(15,599,403)
Interest and dividends received	261,378	233,300
Interest paid		(2,056)
Net cash provided by operating activities	102,308	288,485
Cash flows from investing activities:		
Proceeds from sale of property and equipment	26,370	
Purchase of property and equipment	(283,180)	(130,202)
Purchase of investments	(4,372,196)	(4,300,493)
Sale of investments	4,237,852	4,149,808
Net cash used in investing activities	(391,154)	(280,887)
Cash flows from financing activities:		
Proceeds from issuance of Federal CARES Act PPP loan debt		2,793,200
Net cash provided by financing activities	-	2,793,200
Change in cash and cash equivalents	(288,846)	2,800,798
Cash and cash equivalents at beginning of year	3,299,496	498,698
Cash and cash equivalents at end of year	$ 3,010,650	$ 3,299,496

The accompanying summary of significant accounting policies and notes
are an integral part of these statements

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statements of Cash Flows (Continued)
Years Ended December 31,

	2021	2020
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 3,285,143	$ 1,412,236
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	498,540	496,517
Forgiveness of Federal CARES Act PPP loan	(2,793,200)	
Gain on sale of property and equipment	(26,370)	
Realized and unrealized gain on investments, net of fees	(1,413,382)	(1,555,899)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	299,477	(26,995)
Accounts receivable – Other	(211,217)	(885)
Accounts receivable – Foundation	(691)	4,376
Prepaid expenses	(46,612)	29,951
Accounts payable	22,433	31,990
Accrued payroll	54,268	(352,994)
Accrued health insurance claims	(109,400)	105,307
Accrued vacation and sick leave	82,762	112,915
457(b) plan accrual		100
Accrued other	(14,546)	(2,446)
Deferred revenue	475,103	34,312
Total adjustments	(3,182,835)	(1,123,751)
Net cash provided by operating activities	$ 102,308	$ 288,485

The accompanying summary of significant accounting policies and notes are an integral part of these statements

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2021

Nature of the Organization

Family Service and Guidance Center of Topeka, Inc. provides behavioral health care for children and families and professional training opportunities in an environment committed to quality, innovation and effective outcomes.

It is believed the mission of FSGC can be accomplished by:

- Providing a comprehensive menu of specialized mental health services for children, youth, and families.
- Providing consultative, educational, and therapeutic services to business and industry.
- Providing services in collaboration and cooperation with other agencies and institutions.
- Providing services to all socioeconomic sectors of the community.
- Providing services targeted at preventing more serious or long-term emotional disorders.
- Providing some limited services to adult populations.
- Having a Foundation solely dedicated to the support of FSGC programs.

The Family Service and Guidance Center Foundation's purpose is to provide support for and facilitate the work of Family Service and Guidance Center, both through direct contributions, distribution of income, and through the support of activities, related, ancillary, or supporting the work of FSGC.

Principles of Combination

The combined financial statements of the Organization include the accounts of Family Service and Guidance Center of Topeka, Inc. (FSGC) and Family Service and Guidance Center Foundation (Foundation). All significant intercompany transactions have been eliminated.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence of absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The net assets without donor restrictions operating fund represents the portion of expendable funds that is available for support of the Organization's operations.

The net assets with donor restrictions fund represent funds that are subject to restrictions of the donated instruments. These funds require either that the principal be invested in perpetuity and the income only be used by the Organization or are restricted by the donor's intent as to usage.

FSGC receives certain contributions which are to be used only to pay for various program costs. Due to the general nature of the restrictions on the use of these funds, they are included as revenues in the net assets without donor restrictions funds.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2021

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues and expenses are recognized and recorded when earned or incurred.

Cash and Cash Equivalents

The Organization considers all interest-bearing deposits purchased with original maturity dates of three months or less to be cash equivalents.

Fair Value Measurement

Accounting principles generally accepted in the United States of America (GAAP) establish a framework for measuring fair value. That framework provides 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-level hierarchy for fair value measurements is defined as follows:

Level 1	Inputs are unadjusted, quoted prices in active markets for identical assets in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement. 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.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include market price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The classification of a financial asset within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of a fund within the hierarchy is based upon the pricing transparency of that fund and does not necessarily correspond to management's perceived risk of that fund.

Fair Value Measurement (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2021.

Money market and mutual funds – Valued at the net asset value of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

Publicly-held equity, real estate and fixed income investments – Investments that are traded on an active exchange are valued at the quoted market prices based on the last sale price on the measurement date. Quoted market prices in an active market are classified as a Level 1 input. If an active market does not exist for such publicly-held equity investments, alternate valuation models using Level 2 or Level 3 inputs may be used to determine fair value.

Pledges receivable are valued at the present value of estimated future cash flows on the measurement date and are classified as a Level 3 input in the fair value hierarchy.

The preceding methods described may produce a fair value measure at fiscal year-end, which may not be indicative of future fair values.

Investments

Investments consist of money market accounts, corporate and U.S. government bonds, stocks, and mutual funds. Investments are stated at fair value. Realized and unrealized gains and losses, dividends and interest on investments are reflected in the statement of activities.

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 reasonably possible that changes in risks in the near term and such changes could materially affect investments and the amounts reported in the statements of financial position.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2021

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid). For receivables associated with self-pay patients, the Organization records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying combined statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying consolidated statements of financial position.

Promises to Give

Unconditional promises to give are recorded at net realizable value. Promises to give are written off when deemed uncollectible.

Property and Equipment

Land, property and equipment are carried at cost. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense currently. Management annually reviews property and equipment to determine whether carrying values have been impaired.

Depreciation is determined on the straight-line basis with estimated useful lives as follows:

Land improvements	15 years
Building and improvements	5 – 40 years
Furniture and equipment	3 – 20 years
Vehicles	3 – 5 years
Leasehold improvements	5 years
Computer hardware and software	3 – 5 years

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2021

Deferred Revenue

Deferred revenues represent receipts of various grants, fee revenues and contracts, which are deferred and recognized over the periods to which they relate.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

See Note 11 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net asset released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations.

See Note 12 for more information on the composition of net assets with donor restrictions.

Endowment

The Organization's donor-restricted endowment consists of five funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2021

Revenue Recognition

Net fee for service revenue relates to contracts with patients and in most cases involves a third-party payer (Medicaid, commercial, and other managed care insurance companies) in which the Organization's performance obligations are to provide mental health care services. Fee for service revenue is recognized when the performance obligations of providing the services are met. Substantially all the system's performance obligations are satisfied at a point in time.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their co-payment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience. Estimates of contractual adjustments and discounts are determined by major payer classes for patient revenues based on contractual agreements, discount policies, and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item.

These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews, and investigations.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time. Special event revenue is included in contributions revenue in the accompanying combined statement of activities.

The Organization participates in Behavioral Health Quality Incentive Programs with Medicaid managed care insurance companies (MCO). The MCO incentive programs aim to improve health experiences and outcomes for Medicaid members. All revenue from the programs are contingent on meeting certain performance goals. The Organization recognizes revenue from the incentive programs when certainty of receiving the funds is assured.

The Organization has contract service agreements with school districts to provide mental health assessment services to students. Revenue related to these agreements are recognized on a pro rata basis over the term of the agreement as services are provided. Payments received in advance are recorded as deferred revenue until the services have been provided.

Revenue Recognition (Continued)

The Organization received funding from the Provider Relief Fund to eligible providers that participate in state Medicaid programs and Children's Health Insurance Program (CHIP). The payment to each provider was approximately 2% of reported gross revenue from patient care. Provider Relief Funds were used to cover lost revenue attributable to COVID-19 or health related expenses purchased to prevent, prepare for, and respond to coronavirus.

The Organization received funding from the Shawnee County Coronavirus Relief Fund to help address the health and economic challenges inflicted by COVID-19. Amounts received were recognized as revenue as expenditures were incurred in compliance with grant provisions.

The Organization received funding from the Kansas Department for Aging and Disability Services (KDADS) CARES Act to offset expenses due to COVID-19 business interruption. Amounts received were recognized as revenue in the month they were obtained. The Organization provided documentation of expenditures to KDADS following receipt of funding.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a 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.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization received grants of $498,091 in advance under federal, state, and county contracts and grants at December 31, 2021.

Expenses

Expenses are recognized by the Organization on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period.

Functional Allocation of Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the combined statement of activities. The combined statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the full time employee equivalent method, square footage utilized, and management estimates. Accordingly, certain costs have been allocated among the programs and services benefited. Administrative expenses allocated to program expenses were $3,548,054 in 2021.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2021

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising expense is charged to operations in the year incurred. Advertising expense totaled $48,124 in 2021.

Income Taxes

FSGC's and the Foundation's revenues related to their exempt purposes are exempt from income taxes under Internal Revenue Code Section 501(c)(3). Income from unrelated activities is subject to income tax under the Internal Revenue Code. FSGC and the Foundation reported no tax liability for 2021.

The Organization files income tax returns in the U.S. federal and Kansas jurisdictions. There are currently no examinations of the Organization's income tax returns in progress.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020 from which the summarized information was derived.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Notes to Financial Statements
December 31, 2021

1. Cash and Cash Equivalents

The Organization maintains cash and interest-bearing deposits with banking institutions. Such balances are insured by the Federal Deposit Insurance Corporation; however, balances may occasionally exceed the insured amount.

Cash and cash equivalents at December 31, 2021 are as follows:

FSGC:	
Fidelity State Bank & Trust Co., Topeka, Kansas	
Checking	$2,272,659
Health insurance claims reserve	197,730
New facility reserves	98,770
Envista Credit Union, Topeka Kansas money market	10,029
Heritage Bank, Topeka, Kansas money market	68,627
	2,647,815
Cash on hand	325
Total cash	2,648,140
Foundation:	
US Bank, Topeka, Kansas checking	362,510
Total cash	$3,010,650

2. Accounts Receivable – Client Services

Accounts receivable at December 31, 2021 consist of the following:

Medicaid	$ 526,605
Self-pay and insurance	714,803
	1,241,408
Less allowance for doubtful accounts	(330,000)
Net accounts receivable – Client services	$ 911,408

3. Accounts Receivable – Other

Accounts receivable – Other at December 31, 2021 consist of the following:

Grants	$211,369
Other	10,071
	$221,440

Bad debt expense related to accounts receivable totaled $52,807 for the year ended December 31, 2021.

4. Investments

Investments at fair value, by investment objective, consist of the following at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Money market	$ 679,476	$ -	$ -	$ 679,476
Equity:				
U.S. equity	8,171,124			8,171,124
Foreign equity	2,327,021			2,327,021
	10,498,145	-	-	10,498,145
Real estate:				
U.S. listed real estate	438,432	-	-	438,432
Fixed income:				
Taxable U.S.	3,602,359	837,782		4,440,141
Taxable foreign developed debt		183,267		183,267
Taxable high yield	133,896			133,896
	3,736,255	1,021,049	-	4,757,304
Total investments	$15,352,308	$1,021,049	$ -	$16,373,357

4. Investments (Continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the year ended December 31, 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

Investment returns for the year ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 227,310	$ 34,068	$ 261,378
Realized and unrealized gains	1,294,059	207,544	1,501,603
Investment fees	(77,392)	(10,829)	(88,221)
	$1,443,977	$ 230,783	$1,674,760

5. Land, Property and Equipment

Major classifications of land, property and equipment at December 31, 2021 are as follows:

Land and land improvements	$ 847,253
Buildings	10,827,419
Furniture and equipment	2,101,490
Vehicles	503,780
Leasehold improvements	228,427
	14,508,369
Less accumulated depreciation	(7,703,439)
	6,804,930
Construction in progress	270,130
Net land, property and equipment	$ 7,075,060

6. Self-Insured Health Insurance Program

The Organization maintains a self-insured health program covering all full-time employees. The Organization is liable for participant health claims up to $75,000 per covered life per year and participant dental claims up to $1,500 per covered life per year.

The Organization has funds available in its health insurance claims reserve cash account in the amount of $197,730 at December 31, 2021.

Claims are expensed as they are incurred. The Organization has a liability at December 31, 2021 for estimated claims incurred but not yet paid for $26,023.

7. Deferred Revenues

The Organization has deferred various receipts that relate to future periods. Major categories of deferred revenue are as follow:

COVID funding	$406,859
Crisis and Recovery Center	98,942
Mental Health Block Grant	91,232
Other deferred revenue	14,244
Contributions	9,354
Grants	6,109
Total deferred revenue	$626,740

8. Retirement Plan

The Organization sponsors a defined contribution pension plan that covers employees who are over 21 years of age and have completed at least six months of employment with the Organization. Currently, contributions to the plan are 5% of an employee's annual compensation. In addition, each participant can elect tax deferrals and currently the Organization will match one-fourth of the next 4% of salary, for a total potential contribution from the Organization of 6%.

The Organization has a nonqualified Section 457 plan that covers key employees. The investment in 457 retirement account was $2,019,451 and the amount due to 457 retirement participants was $2,019,451 at December 31, 2021. Investments consist of mutual funds selected by the participants.

Between these plans, the total 2021 retirement expense was $567,007.

9. Debt

Federal CARES Act PPP Loan

On April 10, 2020, the Organization received a loan in the amount of $2,783,200 under the Payroll Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan accrues interest at a rate of 1% and has an original maturity date of two years. Payments are deferred during the deferral period. Any amounts not forgiven under the program will be payable in equal installments of principal, plus any interest owed on the payment date from the deferral expiration date through the maturity date.

The Organization's PPP loan was fully forgiven by the Small Business Administration in March 2021. The Organization elected to account for the PPP loan as debt and, therefore, forgiveness of the PPP loan is included in program support and revenues in the financial statements.

Lines of Credit

The Organization has a second line of credit with a bank that provides for up to $1,500,000 of short-term borrowings collateralized by all assets of FSGC with interest at 4.50%. In addition, the agreement provides that the balance of FSGC's investment account, which is pledged as collateral, cannot drop below $3,000,000. The line expires in August 2022. The Organization had no outstanding borrowings on the line at December 31, 2021.

The Organization has a line of credit with a bank that provides for up to $1,000,000 of short-term borrowings collateralized by a portion of FSGC's investment held at US Bank. The line expires in August 2022. The Organization had no outstanding borrowings on the line at December 31, 2021.

10. Investment in LLC

In May 2009, the Organization entered into an arrangement with two other Community Mental Health Centers and the Lawrence Regional Technology Center to create an LLC called Corridor Technology Enterprises, LLC. The purpose of Corridor is to develop and market electronic medical record software. The initial investment by the Organization was $51,415. In 2010, one of the three other partners withdrew from the LLC. An additional capital infusion of $300,000 was required of the Organization and the remaining CMHC partner, and a new corporation, BrightEHR, LLC, was created. While there are contractual stipulations regarding additional capital requirements and distribution of profits, neither has occurred to date. Though this LLC continues to operate, based upon the most recently available financial information from both corporations, FSGC has adjusted its book value for the corporations to $0.

11. Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes at December 31, 2021:

Undesignated	$20,948,083
Board designated:	
Equipment reserve	80,000
Building maintenance	639,654
Staff retention	250,000
Technology reserves	614,121
Corporate compliance	100,000
Internship	110,054
Leadership	18,876
Client assistance	146,475
Total board designated	1,959,180
Total net assets without donor restrictions	$22,907,263

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021:

Subject to expenditure for specified purpose or period:	
Building funds for capital expenditure or facility renovation	$ 206,562
Early childhood intervention program	2,272,654
Time restricted for Organization operations	41,245
Total subject to expenditure for specified purpose or period	2,520,461
Endowments subject to Organization's spending policy and appropriation:	
Investment in perpetuity (original amount of $205,095), which once appropriated, is expendable to support operational activities of the Organization:	
Robert H. Steele Fund	119,852
CATC/Holt Fund	53,243
Norris L. Gage Fund	12,000
Horace L. Hall Fund	10,000
Lillie M. Wiseman Fund	10,000
Total endowments subject to the Organization's spending policy and appropriation	205,095
Total net assets with donor restrictions	$ 2,725,556

13. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the combined statement of financial position date for general expenditures are as follows at December 31, 2021:

Cash and cash equivalents	$ 2,648,140
Cash and cash equivalents – Foundation	362,510
Accounts receivable, net	1,132,848
Investments	12,959,091
Investments – Foundation	3,414,266
Pledges receivable – Foundation	41,245
Total financial assets available within one year	20,558,100
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose or time restriction	(2,725,556)
Amounts unavailable to management without Board's approval	(1,959,180)
Total financial assets available within one year after Board designations	$15,873,364

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has two lines of credit totaling $2,500,000 which it could draw upon. Additionally, the Organization has board designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, could be made available for current operations if necessary.

14. Endowment Funds

The Organization's endowment consists of five donor-restricted funds established to support operations of FSGC. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Kansas has enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which provides authority and guidance for the management of endowment funds.

14. Endowment Funds (Continued)

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment earnings on the endowment funds remain classified in net asset with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the various funds.
- The purpose of the Organization and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Endowment net asset composition at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	$ -	$540,023	$540,023

Changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$488,896	$488,896
Investment return, net		51,127	51,127
Endowment net assets, end of year	$ -	$540,023	$540,023

The Organization's endowment assets are invested in a portfolio of marketable securities. The primary objective of these investments is the generation of income, with a secondary objective of capital appreciation. The securities chosen for investment are consistent with preservation of the principal sum and deemed conservative by the Organization. Proceeds from this portfolio are expended exclusively to support the stated goals of the endowment. The principal sum shall not be spent.

15. FSGC Foundation

Summarized condensed financial information for the Foundation, which is included in the combined financial statements, is as follows:

	2021
Total assets	$3,818,021
Total liabilities	$ 31,266
Net assets:	
Without donor restrictions	1,267,761
With donor restrictions	2,518,994
Total	$3,818,021
Total revenue and return on investments	$ 476,267
Total expense	(208,701)
Changes in net assets	$ 267,566

16. Subsequent Events

The Organization has evaluated subsequent events through June 8, 2022, the date the financial statements were available to be issued.

In May 2022, FSGC entered into a loan agreement with Fidelity State Bank and Trust Company for up to $5,600,000 for construction of the Youth Crisis and Recovery Center. The promissory note will allow for a draw period of up to 18 months for construction draws and monthly interest only payments. At the end of the draw period, the loan will convert to monthly principal and interest payments sufficient to amortize the balance of the loan over the amortization period of up to 20 years, with a maturity date of 12/10/2043. FSGC does have the option to convert the loan to principal and interest payments at an earlier date. The interest rate is 4.55% fixed for 11.5 years. The fixed rate period will start at signing of the promissory note. After the fixed rate period, the rate will reset every five years at the five-year US Treasury Constant Maturity rate plus 2.85%, subject to a floor of 4.25%. The loan is secured by a priority security interest that requires FSGC to maintain no less than$9,000,000 in their investment account during the life of the loan.

SUPPLEMENTARY INFORMATION

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Independent Auditor's Report on Supplementary Information

To the Board of Directors
Family Service and Guidance Center of Topeka, Inc.
Family Service and Guidance Center Foundation
Topeka, Kansas

We have audited the combined financial statements of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation as of and for the year ended December 31, 2021 and our report thereon dated June 8, 2022, which expressed an unmodified opinion on those combined financial statements, appears on pages 1 through 3. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The information included in the accompanying schedules on pages 27 through 29, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Mize CPAs Inc.

June 8, 2022
Topeka, Kansas

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FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.

Schedules of Activities
Years Ended December 31,

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues:				
Public support:				
State aid	$ 1,993,545	$ -	$ 1,993,545	$ 1,979,124
County funding	499,996		499,996	456,624
Federal CARES Act PPP Funds	2,793,200		2,793,200	
Federal CARES Act Provider Relief Funds				1,156,486
Shawnee County Coronavirus Relief Funds	2,308		2,308	256,136
Kansas Department for Aging and Disability Services CARES Act Funds				450,914
Grants	689,269		689,269	158,986
Federal food	17,678		17,678	22,254
Contributions	45,063		45,063	78,786
Total public support	6,041,059	-	6,041,059	4,559,310
Revenue:				
Medicaid – Fee for service	10,015,248		10,015,248	9,180,783
Insurance – Fee for service	1,181,006		1,181,006	1,277,735
Self-pay – Fee for service	388,806		388,806	314,272
Medicare – Fee for service				105
Less client refunds and bad debt	(66,999)		(66,999)	(39,032)
Contract	209,191		209,191	220,636
MCO incentive				7,331
Net investment income	778,954	3,886	782,840	331,673
Gain on sale of assets	26,370		26,370	
Miscellaneous	142,727		142,727	71,853
Total revenue	12,675,303	3,886	12,679,189	11,365,356
Total public support and revenue	18,716,362	3,886	18,720,248	15,924,666
Expenses:				
Programs:				
Community based services	9,881,494		9,881,494	9,544,635
Educational, training and internships	317,475		317,475	346,982
Outpatient services	5,898,204		5,898,204	5,937,327
Total programs	16,097,173	-	16,097,173	15,828,944
Fundraising	151,820		151,820	148,944
Total expenses	16,248,993	-	16,248,993	15,977,888
Change in net assets from operations	2,467,369	3,886	2,471,255	(53,222)
Unrealized gains on investments	503,486	42,836	546,322	1,064,112
Change in net assets	2,970,855	46,722	3,017,577	1,010,890
Net assets at the beginning of year	18,668,647	159,840	18,828,487	17,817,597
Net assets at the end of year	$21,639,502	$ 206,562	$21,846,064	$18,828,487

See independent auditor's report on supplementary information

FAMILY SERVICE AND GUIDANCE CENTER FOUNDATION

Schedules of Activities
Years Ended December 31,

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues:				
Public support:				
Contributions	$ -	$ 130,669	$ 130,669	$ 150,739
Total public support	-	130,699	130,669	150,739
Revenue:				
Net investment income	103,744	118,205	221,949	101,899
Total revenue	103,744	118,205	221,949	101,899
Net assets released from restrictions:				
Satisfaction of time restrictions	129,980	(129,980)		
Total net assets released from restrictions	129,980	(129,980)	-	-
Total public support and revenue	233,724	118,894	352,618	252,638
Expenses:				
Grants to FSGC	128,318		128,318	87,899
Fundraising	80,383		80,383	54,911
Total expenses	208,701	-	208,701	142,810
Change in net assets from operations	25,023	118,894	143,917	109,828
Unrealized gains on investments	57,793	65,856	123,649	291,518
Change in net assets	82,816	184,750	267,566	401,346
Net assets at the beginning of year	1,184,945	2,334,244	3,519,189	3,117,843
Net assets at the end of year	$1,267,761	$2,518,994	$3,786,755	$3,519,189

See independent auditor's report on supplementary information

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Schedule of Expenditures of Federal Awards

	Federal CFDA Number	Pass-Through Grantor's Number	Total Award Amount	Unexpended Grant Amount at 1/1/2021	2021 Grant Revenue	2021 Grant Expenditures	Unexpended Grant Amount at 12/31/2021
U.S Department of Health and Human Services							
Mental Health Block Grant	93.958	MHRC-21-02	$ 182,468	$ -	$ 91,234	$ 91,234	$ -
	93.958	MHRC-22-02	182,468		91,234	91,234	
U.S. Department of Health and Human Services							
HHS Provider Relief Fund	93.498		364,054				364,054
U.S. Department of Health and Human Services							
American Rescue Plan Rural	93.498		42,805				42,805
Shawnee County							
Coronavirus Relief Fund	21.019		2,308		2,308	2,308	
U.S. Department of Health and Human Services							
Substance Abuse and Mental Health Services Administration	93.958		4,791,991		207,169	207,169	4,584,822
			$5,566,094	$ -	$391,945	$391,945	$4,991,681

Note: The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting.

See independent auditor's report on supplementary information

MIZE
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Family Service and Guidance Center of Topeka, Inc.
Family Service and Guidance Center 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 G*overnment Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation (nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2021, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related summary of significant accounting policies and notes to the financial statements, and have issued our report thereon dated June 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's combined 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's combined financial statements are free of 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 statement. 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mize CPAs Inc.

June 8, 2022
Topeka, Kansas