NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

Hiawatha, Kansas

FINANCIAL STATEMENTS
As of and for the Years Ended
June 30, 2022 and 2021

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.
Hiawatha, Kansas

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northeast Kansas Multi-County Health Departments, Inc.
Hiawatha, Kansas

Opinion

We have audited the financial statements of the Northeast Kansas Multi-County Health Departments Inc. (the Organization), which comprise the statement of financial position - modified cash basis as of June 30, 2022 and 2021, and the related statements of support, revenue and expenses - modified cash basis, functional expenses - modified cash basis and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Northeast Kansas Multi-County Health Departments Inc. as of June 30, 2022 and 2021, and its support, revenue and expenses and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

- Conclude whether, in our judgement, 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.

Other Matters

Basis of Accounting
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 22, 2023

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
As of June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,009,909	$ 1,020,636
Accounts receivable		
Patient care and health services	64,853	133,532
Government funding	108,987	45,956
Inventory	22,170	25,079
Prepaid expenses	8,462	7,416
Total current assets	1,214,381	1,232,619
Fixed Assets		
Property and equipment, net of accumulated depreciation	124,075	138,971
Total assets	$ 1,338,456	$ 1,371,590
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 1,910	$ 2,176
Accounts payroll	25,641	-
Accrued compensated absences	50,388	39,682
Uneared grant revenue	3,730	35,164
Total current liabilities	81,669	77,022
Net assets		
Without donor restrictions	1,256,787	1,294,568
Total net assets	1,256,787	1,294,568
Total liabilities and net assets	$ 1,338,456	$ 1,371,590

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

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

STATEMENT OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS
For the Years Ended June 30, 2022 and 2021

	Without Donor Restrictions	
	2022	2021
Revenues, gains and other support		
Net service revenue	$ 1,552,988	$ 1,894,259
County tax levies	240,250	215,912
Grant revenue	945,472	461,632
Contributions in-kind	46,000	46,000
Contributions	4,950	6,084
Miscellaneous	1,966	604,539
Interest income	928	918
Total revenues, gains and other support	2,792,554	3,229,344
Expenses		
Certified Breastfeeding Peer Counsel	9,804	9,686
Child care licensing	78,849	115,442
Community health services	225,787	124,805
County levy	417,747	304,905
COVID-19	239,354	300,046
ELC	-	44,684
Friends of hospice	1,814	2,141
Home health	415,470	474,440
Hospice care	981,862	1,090,539
Immunization action	114,134	4,636
Maternal and child health	92,403	68,165
PHEP	33,732	31,643
PH SPARK	-	9,820
SPARK	-	333,067
State formula	60,855	28,710
United Way pharmacy	2,386	2,964
United Way summer lunch	-	3,000
WIC	156,138	167,193
Total expenses	2,830,335	3,115,886
Change in net assets	[37,781]	113,458
Net assets, beginning of year	1,294,568	1,181,110
Net assets, end of year	$ 1,256,787	$ 1,294,568

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

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the year ended June 30, 2022
With summarized financial information for 2021

	2022			2021
	Program services	Supporting services		
	Medical services	Management and general	Total	
Salaries and wages	$ 1,324,442	$ 99,754	$ 1,424,196	$ 1,421,196
Payroll taxes	97,752	6,515	104,267	106,370
Employee benefits	114,690	8,715	123,405	119,475
Advertising	11,263	499	11,762	12,256
Bank service charges	353	1,333	1,686	3,909
Biological supplies and prescriptions	146,717	5,207	151,924	122,589
Contracted labor - general	60,642	-	60,642	103,267
Contracted labor - medical	229,705	18	229,723	359,321
Copier lease	6,056	-	6,056	6,649
Depreciation	26,795	-	26,795	29,069
Dues and subscriptions	1,484	-	1,484	384
Insurance	133,521	42,814	176,335	221,785
Memorial expense	-	-	-	-
Miscellaneous	406	408	814	8,088
Postage	2,213	571	2,784	2,716
Printing and reproduction	2,243	98	2,341	2,092
Professional fees	1,191	180	1,371	6,044
Rent	77,312	-	77,312	54,010
Repairs and maintenance	11,892	-	11,892	19,246
Seminars	8,255	1,239	9,494	5,041
Small equipment	110,791	13,215	124,006	247,034
Supplies	124,004	17,982	141,986	138,261
Telephone	17,442	2,086	19,528	14,592
Travel	64,278	6,037	70,315	68,020
Utilities	48,950	1,267	50,217	44,472
	$ 2,622,397	$ 207,938	$ 2,830,335	$ 3,115,886

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

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

STATEMENT OF CASH FLOWS - Modified Cash Basis
For the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ [37,781]	$ 113,458
Adjustments to reconcile change in net assets to net cash provided by [used in] operating activities:		
Depreciation	26,795	29,069
[Increase] decrease in assets:		
Accounts receivable	5,648	42,022
Inventory	2,909	823
Prepaid expenses	[1,046]	1,876
Increase [decrease] in liabilities:		
Accounts payable	[266]	2,176
Accrued payroll	25,641	-
Accrued compensated absences	10,706	[2,699]
Unearned revenue	[31,434]	35,164
Net cash provided by [used in] operating activites	1,172	221,889
Cash flows from investing activities		
Purchase of property and equipment	[11,899]	[141,149]
Loss on disposal of assets	-	2,434
Net cash provided by [used in] investing activites	[11,899]	[138,715]
Net change in cash and cash equivalents	[10,727]	83,174
Cash and cash equivalents, beginning of year	1,020,636	937,462
Cash and cash equivalents, end of year	$ 1,009,909	$ 1,020,636

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

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

In 1972, the governing bodies of Atchison, Brown, and Jackson Counties resolved that, pursuant to K.S.A. 65-205, the public health of the counties would best be promoted by the creation of the Northeast Kansas Multi-County Board of Health. During 1999, The Northeast Kansas Multi-County Board of Health became a not-for-profit organization and changed its name to Northeast Kansas Multi-County Health Departments, Inc. (NEKMHD). Northeast Kansas Multi-County Health Departments, Inc. (the Organization) is a not-for-profit corporation organized for the purpose of providing health services to the residents of the participating counties.

Basis of Accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The modification from the accrual basis of accounting is the omission of the net pension liabilities of the Organization based on the participation in the Kansas Public Employees Retirement System (KPERS).

The Organization presents the accompanying financial statements in accordance with Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

Net assets without donor restrictions - net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - 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 recognize. All other donor-restricted contributions are reported as increased 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 reporting in the statements of activities as net assets released from restrictions.

Reporting Entity

The Northeast Kansas Multi-County Health Departments, Inc. is governed by a nine-member board which is comprised of a county commissioner, a medical provider, and a medical consumer from each County. The members of the Board are appointed by the respective boards of county commissioners. The NEKMHD is considered to be jointly governed by the three counties.

The NEKMHD as an entity has been defined to include, on a combined basis, (a) Northeast Kansas Multi-County Health Departments, Inc., (b) organizations for which Northeast Kansas Multi-County Health Departments, Inc. is financially accountable, and (c) other organizations for which the nature and significance of their relationship with Northeast Kansas Multi-County Health Departments, Inc. are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Each county provides local governmental support in the form of tax allocations. Tax allocations received during the year ended June 30, 2022, were $80,000, $79,750, and $81,250 from Atchison, Jackson and Brown counties, respectively and $71,912, $79,000, and $65,000, respectively, from Atchison, Jackson and Brown counties during the year ended June 30, 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. As of June 30, 2022, the Organization had no cash equivalents.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

Accounts receivable consist of amounts due from various governmental units and from clients. The Organization considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided. When accounts are deemed to be uncollectible, they are charged to operations.

Property and Depreciation

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful life of the respective asset. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred.

Income Taxes

The Organization is exempt from Federal taxes under Section 501(c)(3) of the Internal Revenue Code and Kansas income taxes under applicable state law. The Organization has not been classified as a private foundation.

The Organization's income tax returns are subject to review and examination by U.S. federal jurisdiction and the State of Kansas. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

Revenue Sources

The Northeast Kansas Multi-County Health Departments, Inc. receives federal and state monies for administering certain programs and local governmental support in the form of tax allocations from Atchison, Brown and Jackson Counties. Additionally, the Organization receives reimbursements from Medicaid (Title XIX), Medicaid and insurance companies, as well as payments and contributions from individuals. The governmental revenues are recognized during the period the support is intended to cover.

Functional Allocation of Expenses

The Organization provides public health care services to residents in Atchison, Brown and Jackson Counties. Expenses related to providing services in 2022 and 2021 were $2,784,335 and $3,115,886, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other expenses that are common to several functions are allocated based on management's estimate of resources devoted to the programs or support services. Direct benefits to donor costs have been included in fundraising costs on the Statement of Functional Expenses as the associated costs are not material in relation to the financial statements taken as a whole.

2. CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at financial institutions located in northeast Kansas. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. The Organization did have regular cash account balances in excess of these insurance limits at June 30, 2022. The excess cash balances were covered by pledged securities in the Organization's name.

3. INVENTORY

Inventory is stated at cost and is determined by the first-in, first-out method. The Organization had vaccines and contraceptives on hand with a cost of $22,170 and $25,079, respectively, as of June 30, 2022 and 2021.

4. COMMITMENTS AND CONTINGENCIES

All grant expenditures are subject to the review of grantors. The Organization believes it has complied with all aspects of grant agreements and has not been notified of any disallowed costs.

5. ECONOMIC DEPENDENCE

A significant portion of the Organization's revenue is from governmental program payments. Any major delay or reduction in those payments could have a materially negative impact on the Organization's operating results. Management does not anticipate discontinuation of the funding by these sources.

6. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, and 2021, consist of the following:

	2022	2021
Patient care and health services		
Medicare	$ 64,853	$ 91,513
Medicaid (Title XIX)	-	50,651
Private pay and insurance	-	[8,632]
	$ 64,853	$ 133,532
Government funding		
State and federal grant monies	$108,987	$ 45,956

7. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

8. PROPERTY AND EQUIPMENT

Following is a summary of changes to property and equipment, including accumulated depreciation, for the years ended June 30, 2022 and 2021:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2022
Depreciable assets:				
Leasehold improvements	$ 2,310	$ -	$ -	$ 2,310
Office equipment	92,386	11,899	-	104,285
Medical equipment	170,173	-	-	170,173
Total capital assets	264,869	11,899	-	276,768
Less accumulated depreciation:				
Leasehold improvements	2,310	-	-	2,310
Office equipment	78,397	3,993	-	82,390
Medical equipment	45,191	22,802	-	67,993
Total accumulated depreciation	125,898	26,795	-	152,693
Capital assets, net	$ 138,971	$ [14,896]	$ -	$ 124,075

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2021
Depreciable assets:				
Leasehold improvements	$ 2,310	$ -	$ -	$ 2,310
Office equipment	114,749	-	[22,363]	92,386
Medical equipment	48,612	141,149	[19,588]	170,173
Total capital assets	165,671	141,149	[41,951]	264,869
Less accumulated depreciation:				
Leasehold improvements	2,310	-	-	$ 2,310
Office equipment	93,257	7,503	[22,363]	78,397
Medical equipment	40,779	21,566	[17,154]	45,191
Total accumulated depreciation	136,346	29,069	[39,517]	125,898
Capital assets, net	$ 29,325	$ 112,080	$ [2,434]	$ 138,971

Depreciation for the years ended June 30, 2022 and 2021, are $26,795 and $29,069, respectively.

9. COMPENSATED ABSENCES

The Organization has a policy to accrued unused vacation leave as earned and to recognize the costs of sick leave when actually paid.

Full-time employees earn vacation leave based upon their years of employment. Full-time employees qualify for 8 hours of paid vacation per month through the first four years of employment, up to a maximum of 18 days; 10 hours per month from the fifth to the tenth years, up to a maximum accumulation of 22 days; and 12 hours per month after ten years of employment up to a maximum accumulation of 24 days. Part-time employees working more than 30 hours per week earn vacation leave at the rate of three hour per pay period. Part-time employees working between 20 to 30 hours per week earn vacation leave at the rate of two hour per pay period. Part-time employees working less than 20 hours per week do not accrue vacation leave.

Full-time employees earn sick leave at the rate of one day per month with no maximum accumulation limit. Part-time employees earn sick leave at the rate of one hour for every 22 hours worked with no accumulation limit.

Accrued compensated absences totaled $39,682 and $42,381 as of June 30, 2021 and 2020, respectively.

10. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following as of June 30, 2022:

Financial assets at year end:	
Cash and cash equivalents	$1,009,909
Accounts receivable	173,840
Inventory - pharmaceutical supplies	22,170
Prepaid expenses	8,462
	$1,214,381

11. DEFINED BENEFIT PENSION PLAN

Plan Description. The Organization participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the Organization were $118,428 for the year ended June 30, 2022.

Net Pension Liability. At June 30, 2022, the Organization's proportionate share of the collective net pension liability reported by KPERS was $1,318,431. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The Organization's proportion of the net pension liability was based on the ratio of the Organization's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup of KPERS. The Organization has chosen not to recognize this net pension liability in its financial statements.

The complete actuarial valuation report, including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the KPERS website at www.kpers.org or can be obtained as described above.

12. ADVERTISTING

Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2022, and 2021, was $11,762 and $12,256, respectively.

13. CONTRIBUTIONS IN-KIND

The Organization receives donations of office space from Atchison and Brown Counties for use by the health agencies located in those counties. The estimated fair market value of the facilities has been recorded as in-kind contributions with like amounts included in rent under operating expenses. The estimated fair market value was $46,000 and $46,000, respectively, for the years ended June 30, 2022 and 2021.

14. DISCLOSURE OF SUBSEQUENT EVENTS

During the year ended June 30, 2022, the Organization evaluated subsequent events through September 22, 2023, and no subsequent events requiring disclosure in the financial statements were noted. The financial statements were available to be issued September 22, 2023.

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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
Northeast Kansas Multi-County Health Departments, Inc.
Hiawatha, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northeast Kansas Multi-County Health Departments, Inc. (the Organization), which comprise the statement of financial position - modified cash basis as of June 30, 2022 and 2021, and the related statements of support, revenue and expenses - modified cash basis, functional expenses - modified cash basis and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the 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 controls 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 22, 2023

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2022

I. FINANCIAL STATEMENT FINDINGS

No findings were noted for the year ended June 30, 2022.

NORTHEAST KANSAS MULTI-COUNTY HEALTH DEPARTMENTS, INC.

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2021

I. FINANCIAL STATEMENT FINDINGS

No findings were noted for the year ended June 30, 2021.