SSC CPAs, P.A.

CENTRAL KANSAS MENTAL HEALTH CENTER

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023 and 2022

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SSC CPAs, P.A.

Independent Auditor's Report

To the Board of Directors
Central Kansas Mental Health Center
Salina, Kansas

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Kansas Mental Health Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Kansas Mental Health Center as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Central Kansas Mental Health Center'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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenues, expenditures and budget, capital expenditures, insurance and fidelity bond coverage and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and, with the exception of the budget information and insurance and fidelity bond coverage, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues without donor restriction, expenditures and budget, with the exception of the budget information, capital expenditures and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole. The budget information and the schedule of insurance and fidelity bond coverage have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 9, 2024, on our consideration of the Central Kansas Mental Health Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Central Kansas Mental Health Center's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Kansas Mental Health Center's internal control over financial reporting and compliance.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

May 9, 2024

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENTS OF FINANCIAL POSITION

December 31,	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,632,099	$ 3,752,629
Certificates of deposit	5,461,997	2,350,314
Accounts receivable, net	5,334,123	5,548,418
Accrued interest receivable	33,001	8,373
Prepaid expenses	307,553	274,073
Total current assets	15,768,773	11,933,807
Other assets		
Certificates of deposit - designated for property and equipment	226,767	220,199
Certificates of deposits - designated for expansion	2,067,056	2,017,252
Beneficial interest in assets held by Greater Salina Community Foundation	34,631	30,127
Total other assets	2,328,454	2,267,578
Property and equipment, net	3,224,900	3,304,027
TOTAL ASSETS	$ 21,322,127	$ 17,505,412
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 106,026	$ 133,989
Accrued payroll and other liabilities	1,281,943	1,220,537
Refundable advances	-	5,939
Total current liabilities	1,387,969	1,360,465
Net assets		
Without donor restrictions		
Designated for property and equipment	226,767	220,199
Designated for expansion	2,067,056	2,017,252
Undesignated	17,640,335	13,856,104
Total without donor restrictions	19,934,158	16,093,555
With donor restrictions		
Purpose restriction	-	51,392
Total net assets	19,934,158	16,144,947
TOTAL LIABILITIES AND NET ASSETS	$ 21,322,127	$ 17,505,412

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENTS OF ACTIVITIES

For the years ended December 31,	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Patient service revenue, net	$ 15,124,310	$ -	$ 15,124,310	$ 12,019,860	$ -	$ 12,019,860
Payments from counties	546,069	-	546,069	502,670	-	502,670
State aid	299,400	-	299,400	299,400	-	299,400
Other state aid and grants	1,465,612	-	1,465,612	1,321,801	-	1,321,801
Federal aid	1,396,964	-	1,396,964	2,688,895		2,688,895
Interest income	304,909	-	304,909	34,299	-	34,299
Change in benefical interest held by others	4,504	-	4,504	(5,750)	-	(5,750)
Loss on sale of equipment	-	-	-	(8,144)	-	(8,144)
Memorials and contributions of cash of cash and other financial assets	14,280	-	14,280	25,982	-	25,982
Miscellaneous revenue	162,332	-	162,332	103,551	-	103,551
Net assets released from restrictions	51,392	(51,392)	-	675,421	(675,421)	-
Total support and revenue	19,369,772	(51,392)	19,318,380	17,657,985	(675,421)	16,982,564
Expenses						
Program services	11,191,086	-	11,191,086	10,975,736	-	10,975,736
Management and general	4,338,083	-	4,338,083	3,006,539	-	3,006,539
Total expenses	15,529,169	-	15,529,169	13,982,275	-	13,982,275
CHANGE IN NET ASSETS	3,840,603	(51,392)	3,789,211	3,675,710	(675,421)	3,000,289
Beginning net assets	16,093,555	51,392	16,144,947	12,417,845	726,813	13,144,658
Ending net assets	$ 19,934,158	$ -	$ 19,934,158	$ 16,093,555	$ 51,392	$ 16,144,947

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31,	2023		
	Program Services	Management and General	Total
Personnel	$ 7,040,764	$ 2,802,349	$ 9,843,113
Payroll tax, KPERS, benefits	2,501,225	964,755	3,465,980
Facility rent	14,820	477	15,297
Repairs and maintenance	35,133	16,272	51,405
IT equipment and services	189,358	131,714	321,072
Contracted services	794,249	42,373	836,622
Employee hiring fees	1,500	5,203	6,703
Phone	11,879	4,560	16,439
Postage	-	15,391	15,391
Professional development	54,835	11,361	66,196
Professional licenses and dues	2,455	-	2,455
Mileage	146,758	4,196	150,954
Vehicle maintenance	9,607	-	9,607
Center business and travel	7,356	12,804	20,160
Center business and meetings	9,700	7,445	17,145
Advertising and marketing	8,711	-	8,711
Center membership and dues	608	24,582	25,190
Center subscriptions	1,035	171	1,206
Office supplies	13,498	21,737	35,235
Program supplies	47,833	298	48,131
Client flexible funding	1,627	-	1,627
Supported housing	6,767	-	6,767
CSS activity fund	2,447	-	2,447
Audit and legal	3,000	15,049	18,049
Insurance property and liability	30,773	163,144	193,917
Utilities	52,185	22,872	75,057
Food	32,305	1,544	33,849
Other costs	-	80	80
Depreciation	170,658	69,706	240,364
TOTAL EXPENSES	$ 11,191,086	$ 4,338,083	$ 15,529,169

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31,	2022		
	Program Services	Management and General	Total
Personnel	$ 6,927,343	$ 1,888,903	$ 8,816,246
Payroll tax, KPERS, benefits	2,380,721	641,207	3,021,928
Facility rent	14,430	-	14,430
Repairs and maintenance	37,800	23,277	61,077
IT equipment and services	166,471	80,932	247,403
Contracted services	815,131	67,476	882,607
Employee hiring fees	1,500	6,731	8,231
Phone	13,020	7,251	20,271
Postage	-	13,152	13,152
Professional development	50,105	1,454	51,559
Professional licenses and dues	4,170	-	4,170
Mileage	136,733	-	136,733
Vehicle maintenance	5,648	-	5,648
Center business and travel	5,077	6,255	11,332
Center business and meetings	14,711	9,533	24,244
Advertising and marketing	12,932	-	12,932
Center membership and dues	75	20,537	20,612
Center subscriptions	1,459	503	1,962
Office supplies	18,024	16,672	34,696
Program supplies	43,391	-	43,391
Client flexible funding	1,556	-	1,556
Supported housing	20,615	-	20,615
CSS activity fund	2,893	-	2,893
Audit and legal	4,000	13,733	17,733
Insurance property and liability	49,249	123,367	172,616
Utilities	59,793	20,222	80,015
Food	32,491	1,433	33,924
Other costs	-	20	20
Depreciation	156,398	63,881	220,279
TOTAL EXPENSES	$ 10,975,736	$ 3,006,539	$ 13,982,275

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENTS OF CASH FLOWS

For the years ended December 31,	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,789,211	$ 3,000,289
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	240,364	220,279
Change in beneficial interest held by others	(4,504)	5,750
Loss on sale of equipment	-	8,144
(Increase) decrease in operating assets:		
Accounts receivable, net	214,295	(4,501,075)
Accrued interest receivable	(24,628)	(7,109)
Prepaid expenses	(33,480)	111
Increase (decrease) in operating liabilities:		
Accounts payable	(27,963)	31,385
Accrued payroll and other liabilities	61,406	571,978
Refundable advances	(5,939)	(211,178)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	4,208,762	(881,426)
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested interest	(168,055)	(13,957)
Purchase of property and equipment	(161,237)	(99,346)
Purchase of certificates of deposit	(3,000,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(3,329,292)	(113,303)
Net increase (decrease) in cash and cash equivalents	879,470	(994,729)
Cash and cash equivalents, beginning of year	3,752,629	4,747,358
Cash and cash equivalents, end of year	$ 4,632,099	$ 3,752,629

1. ORGANIZATION AND NATURE OF OPERATIONS

Central Kansas Mental Health Center (the Center) is an agency of the boards of county commissioners of Ellsworth, Dickinson, Lincoln, Ottawa and Saline Counties, Kansas, established for the purpose of furnishing mental health services to the five-county area formed under K.S.A 19-4001 et. seq. The Center is primarily supported through client service fees, and state, local and federal grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Center prepares its financial statements using the accrual method of accounting in accordance with U.S generally accepted accounting principles.

Net assets

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

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets designated for property and equipment amount agrees to the certificates of deposit designated for property and equipment purchases. Net assets designated for expansion amount agrees to the certificates of deposit designated for expansion.

Net assets with donor restrictions – net assets subject to donor or certain grantor restrictions. Some donor-imposed restricted are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has passed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the 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.

Cash and cash equivalents

Cash on hand, in checking, and in money market accounts are considered to be cash and cash equivalents. The Center considers these funds available for current operations.

Property and equipment
Property and equipment are recorded at cost, if purchased, or for donated assets, fair market value at the time of the donation. Depreciation is computed using the double declining balance or straight-line methods based on estimated useful lives as follows:

	Life
Building and improvements	5 - 40 years
Furnishings and equipment	5 - 10 years
Technology	3 - 5 years
Landscaping	20 years

The capitalization policy of the Center defines a capital asset as a unit of tangible property that: (1) has an economic life of more than 12 months; and (2) was acquired or produced for a cost of more than $500, including acquisition and installation cost on the same invoice. All capital assets are recorded at historical cost as of the date acquired.

Revenue recognition
The Center recognizes revenue when a customer (or patient) obtains control of promised goods or services, in an amount that reflects the consideration the Center expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Center determines are within the scope of Accounting Standard Update (ASU) 2014-09 *Revenues from Contracts with Customers* (Topic 606), the Center performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Center satisfied the performance obligation. The Center only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Center assesses the goods or services promised within each contract and determines that those are performance obligations. The Center then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Revenues are recognized as performance obligations are satisfied. A performance obligation is defined as a promise in a contract to transfer a distinct good or service to the customer. Substantially all of the Center's contracts with patients and customers have a single performance obligation as the promise is not distinct or separately identifiable from other promises in the contract. The performance obligation of delivering these billing services is simultaneously received and consumed when the services are performed; therefore, the revenue is recognized at the time of service for patient service revenue and other contracting services.

The transaction price for the Center's contracts represents management's best estimate of the consideration the Center expects to receive and includes assumptions regarding variable consideration as applicable. Variable consideration includes estimated amounts due from patients and third party-payors for healthcare services provided, including anticipated settlement with Medicare, Medicaid, and other third-party payors. Revenues under third-party agreement are subject to examination and retroactive adjustment. Provision for estimated third-party adjustments are provided in the period the related services are rendered to the extent probable that a significant reversal of cumulative revenue will not occur. Any remaining differences between the amounts accrued and subsequent settlements are recorded in the periods in which the interim or final settlements are determined.

The Center's contracts with customers all have performance obligations with durations of less than one year, therefore, for these contracts, the Center has elected to apply the optional exemption provided in Topic 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

A summary of patient revenues by payor type for the years ended December 31 is as follows:

	2023	2022
Medicaid	$ 13,973,502	$ 10,808,176
Medicare	221,678	267,614
Commercial insurance	600,122	691,471
Private pay	215,459	143,720
Other	113,549	108,879
	$ 15,124,310	$ 12,019,860

Contributions are recognized when cash, or other assets, or an unconditional promise to give; or a notification of a beneficial interest is received. Certain contributions and grants may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from these conditional contributions and grants are recognized when the barrier is satisfied.

A portion of the Center's revenue is derived from federal and state contracts and grants, which are conditioned upon certain requirements or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures or met certain requirements in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures or meeting certain requirements are reported as refundable advances in the Statements of Financial Position. Refundable advances totaled $0 and $5,939 at December 31, 2023 and 2022, respectively.

Revenue with and without restrictions
Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. In addition, the Center has elected the simultaneous release option for contributions and grants that are also subject to purpose restrictions. Under the option, net assets without donor restrictions will include the revenues from these transactions in the same reporting period as the revenue is recognized.

Accounts receivable, net
Accounts receivable consist of potential reimbursements from Medicaid, Medicare, commercial insurance, contracts, and private pay from individuals. Account balances are written off when deemed uncollectible. An allowance for credit losses has been established for receivable accounts that are presumed to be uncollectible but have not yet been removed from the accounting system. The allowance is determined based upon a review of outstanding receivables, historical collection information and existing economic conditions. At December 31, 2023 and 2022, the allowance was $178,708 and $239,545, respectively.

Income taxes
The Center is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code as provided by a determination letter received from Internal Revenue Service.

The Center has adopted the provisions of FASB ASC 740-10, *Accounting for Income Taxes*. This standard clarifies the accounting for uncertainty in the income taxes recognized in the Center's financial statements. The standard prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Center has not identified any uncertain tax positions.

The Center's income tax returns are subject to review and examination by federal, state, and local authorities. The Center is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

Advertising
Non-direct response advertising and marketing costs are charged to expense when incurred. The amount charged to expenses for the years ended December 31, 2023 and 2022 was $8,711 and $12,932, respectively.

Fair value measurements – definition and hierarchy
The FASB *Fair Value Measurement* standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Center. Unobservable inputs are inputs that reflect the Center's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Center has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgement.

Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree for judgement exercised by the Center determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into a different level of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Recently adopted accounting guidance
In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit losses,* which, among other things requires the measurement of credit losses on financial instruments. ASU 2016-13 is effective for not-for-profit entities for fiscal years beginning after December 15, 2022. The Center adopted and retrospectively applied ASU 2016-13 as of January 1, 2023. No significant changes were necessary for the adoption of ASU 2016-02.

3. CERTIFICATES OF DEPOSITS

Certificates of deposit at December 31 were issued by the following financial institutions:

	2023	2022
First Bank Kansas, Salina, KS	$ 5,258,837	$ 3,632,566
Bank of Tescott	245,000	245,000
Solomon State Bank	245,000	245,000
Bennington State Bank	2,006,983	465,199
Total	$ 7,755,820	$ 4,587,765

4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	2023	2022
Cash and cash equivalents	$ 4,632,099	$ 3,752,629
Undesignated certificates of deposit	5,461,997	2,350,314
Accounts receivable, net	5,334,123	5,548,418
Accrued interest receivable	33,001	8,373
Total financial assets available within one year	15,461,220	11,659,734
Less those generally unavailable for expenditure due to:		
Donor-imposed purpose restriction	-	(51,392)
Financial assets available to meet cash needs for general expenditures within one year	$ 15,461,220	$ 11,608,342

In addition to financial assets available to meet general expenditures over the next twelve months, the Center operates with a budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

5. BENEFICIAL INTEREST IN ASSETS HELD BY GREATER SALINA COMMUNITY FOUNDATION

The Center transferred $10,000 to the Greater Salina Community Foundation (the GSCF) in the year 2000. Distributions from the GSCF will be made in the manner consistent with its policies and procedures. The GSCF was given variance power over the assets. The assets are recorded at fair market value at December 31, 2023 and 2022 as determined by the GSCF. The investment policy governing the underlying investments is established by the Board of the GSCF. The investment process of the GSCF seeks to achieve an after-cost total rate of return, (interest and dividend payments plus realized and unrealized capital appreciation) which exceeds the annual distribution with acceptable levels of risk.

Activity in this fund included in change of beneficial interest was as follows during the year ended December 31:

	2023	2022
Beginning balance, January 1	$ 30,127	$ 35,877
Appreciation (depreciation)	4,699	(5,555)
Administrative fees	(195)	(195)
Ending balance, December 31	$ 34,631	$ 30,127

6. PROPERTY AND EQUIPMENT, NET

Property and equipment at December 31, consisted of the following:

	2023	2022
Land	$ 645,481	$ 645,481
Building and improvements	5,592,911	5,589,036
Furnishings and equipment	481,697	382,371
Technology	396,310	338,274
Landscaping	44,107	44,107
Total property and equipment	7,160,506	6,999,269
Less accumulated depreciation	(3,935,606)	(3,695,242)
Property and equipment, net	$ 3,224,900	$ 3,304,027

Depreciation expense was $240,364 and $220,279 for the years ended December 31, 2023 and 2022 respectively.

7. FAIR VALUE MEASUREMENTS

Those assets measured at fair value on a recurring basis in the Statements of Financial Position and the types of inputs used to estimate fair value are as follows at December 31:

2023	Fair value measurements			
Description	(Level 1)	(Level 2)	(Level 3)	Total
Certificates of deposit	$ 7,755,820	$ -	$ -	$ 7,755,820
Beneficial interest	-	34,631	-	34,631
Total	$ 7,755,820	$ 34,631	$ -	$ 7,790,451

2022	Fair value measurements			
Description	(Level 1)	(Level 2)	(Level 3)	Total
Certificates of deposit	$ 4,587,765	$ -	$ -	$ 4,587,765
Beneficial interest	-	30,127	-	30,127
Total	$ 4,587,765	$ 30,127	$ -	$ 4,617,892

Certificates of deposit are valued based on the amount deposited plus added interest, if any, which approximates fair value.

The beneficial interest held at the GSCF was determined by the GSCF based upon the Center's allocable share in the market value of the underlying investments made by the GSCF as reported to the GSCF by a third-party trustee from published market quotes.

8. COMPENSATED ABSENCES

As of December 31, 2023 and 2022, the following amounts had been accumulated and remain unpaid:

	2023	2022
Paid leave	$ 383,547	$ 358,110
Extended leave	1,078,388	986,852
Total	$ 1,461,935	$ 1,344,962

Paid leave has been accrued in the December 31, 2023 and 2022 financial statements. Extended leave is not reimbursed if an employee terminates for any reason other than retirement, and in the case of retirement, is reimbursed at a rate of $15 per hour up to a limit of 600 hours. The amounts listed in the above summary for extended leave are based on the end of year employee hourly rates. The Center has not accrued a liability for the extended leave which has been earned but not taken by employees.

9. DEFINED BENEFIT PENSION PLAN

Plan description. The Center 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 Annual Financial Report which can be found on the KPERS website at www.kpers.org or 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.

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% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% and 8.90% for the fiscal year ended December 31, 2023 and 2022, respectively. Contributions to the pension plan from the Center were $918,888 and $813,444 for the years ended December 31, 2023 and 2022, respectively.

Although KPERS administers one cost-sharing multi-employer defined benefit plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this

method, the measurement of the collective net pension liability are determined separately. The Organization is included in the local subgroup.

Net Pension Liability. At December 31, 2023, the Center's proportionate share of the collective net pension liability reported by KPERS was $8,854,795. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The Center's proportion of the net pension liability was based on the ratio of the Center's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. The Center follows accounting and reporting standards issued by the Financial Accounting Standards Board and is not required to recognize this liability under current reporting standards. The Organization's employer contributions represented .422 percent of total employer contributions of the local subgroup for 2023. Participation in KPERS is irrevocable upon entrance to the System and the Center is contingently liable for any unfunded obligations along with the State of Kansas and the approximate 1,500 entities that participate in KPERS.

The fiduciary net position of the KPERS pension plan as of June 30, 2023 was $25,800,659,628 and the total KPERS pension liability was $36,493,660,567. The pension plan's net position as a percentage of the total pension liability was 70.70% as of June 30, 2023.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2022 which was rolled forward to June 30, 2023, using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increase	3.50% to 12%, including price inflation
Investment rate of return	7.00% compounded annually, net of investment expense, including price inflation

Discount Rate. The discount rate used to measure the total liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The state/school and local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap.

10. OTHER EMPLOYEE BENEFITS

The Center adopted a cafeteria plan which covers employees upon employment. Ongoing employees declare intent to participate in the plan before January 1 of each year. The benefits that are available include health care reimbursement, dependent care assistance and insurance premium expense. This plan is administered by an outside entity.

The Center offers its employees a 403b plan and a KPERS 457 plan. Participation is voluntary. The Center does not match any contributions.

11. POST-EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Center makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the

federal government for this coverage. While the insured pays the full amount of the applicable premium, conceptually, the Center is subsidizing the insured because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Death and Disability Other Post Employment Benefits. As provided by K.S.A 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023 and 2022.

12. CONCENTRATIONS, CREDIT RISK AND UNCERTAINTIES

Financial instruments that potentially subject the Center to credit risk consist principally of trade receivables. The Center grants credit without collateral or other security to its patients, most of whom are insured under third-party payer agreements. The Center routinely obtains assignments of (or otherwise entitled to receive) benefits receivable under the health insurance programs, plans or polices of clients (e.g. Medicare, Medicaid, commercial insurance). Reimbursement rates under third-party agreements are subject to change.

The total carrying amount of the Center's deposits was $12,387,919 and $8,340,394 at December 31, 2023 and 2022, respectively. The total of the bank balances was $12,591,021 and $8,515,919 as of December 31, 2023 and 2022, respectively. The difference between the carrying amount and the bank balances was outstanding checks and deposits in transit. The Federal Deposit Insurance Corporation insures demand and interest-bearing accounts up to $250,000 per bank account type. The bank balances consisted of checking accounts, savings accounts, money market and certificates of deposit accounts of which $992,838 and $992,571 were fully insured by the FDIC as of December 31, 2023 and 2022. The remainder balance of $11,598,183 and $7,523,348 was secured by the pledging financial institutions' agents in the Center's name at December 31, 2023 and 2022. No balances were unsecured at December 31, 2023 and 2022.

13. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Operational expenses such as repairs and maintenance, depreciation, utilities, office expenses, professional development insurance property and liability, food, dues and subscriptions, travel, meeting, advertising and marketing and IT equipment and services, which are allocated based on head count in each primary department. Payroll and payroll related expenses are allocated on the basis of estimation of time and effort.

14. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Purpose restricted:		
COVID relief funding	$ -	$ 51,392

Net assets released from donor restrictions by satisfying the restrictions specified by the donors, including repayments, are as follows for the years ended December 31:

	2023	2022
COVID relief funding	$ 51,392	$ 675,421

15. SUBSEQUENT EVENTS

The Center's management has evaluated events and transactions occurring after December 31, 2023 through May 9, 2024. The aforementioned date represents the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CENTRAL KANSAS MENTAL HEALTH CENTER
SCHEDULE OF REVENUES, EXPENDITURES AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2022)

		Current Year		
	Prior Year Actual	Actual	(Unaudited) Budget	Variance Over (Under)
Revenue				
Patient service revenue, net	$ 12,015,085	$ 15,116,521	$ 14,374,305	$ 742,216
Other revenues				
Payments from counties	502,670	546,069	546,069	-
State aid	299,400	299,400	299,400	-
Federal aid and grants	4,010,696	2,862,576	2,600,291	262,285
Workshop/teaching revenue	4,775	7,789	12,000	(4,211)
Interest	34,299	304,909	28,000	276,909
Change in beneficial interest held by others	(5,750)	4,504	600	3,904
Contributions and memorials	25,982	14,280	-	14,280
Miscellaneous revenue	95,407	162,332	65,235	97,097
Total other revenues	4,967,479	4,201,859	3,551,595	650,264
Total revenue	16,982,564	19,318,380	17,925,900	1,392,480
Operating expenditures				
Salaries	8,816,246	9,843,113	10,625,593	(782,480)
Payroll taxes, KPERS, and benefits	3,021,928	3,465,980	4,490,125	(1,024,145)
Employee hiring fees	8,231	6,703	9,000	(2,297)
Rent	14,430	15,297	15,080	217
Repairs and maintenance	61,077	51,405	51,786	(381)
Computer costs	247,403	321,072	287,160	33,912
Contracted services	882,607	836,622	1,021,400	(184,778)
Phone	20,271	16,439	36,010	(19,571)
Postage	13,152	15,391	14,000	1,391
Professional development	51,559	66,196	38,150	28,046
Professional licenses and dues	4,170	2,455	1,980	475
Mileage	136,733	150,954	170,647	(19,693)
Vehicle maintenance	5,648	9,607	3,470	6,137
Advertising	12,932	8,711	29,730	(21,019)
Office supplies	34,696	35,235	37,846	(2,611)
Program supplies	43,391	48,131	16,580	31,551
Audit and legal	17,733	18,049	21,500	(3,451)
Insurance	172,616	193,917	209,000	(15,083)
Utilities	80,015	75,057	91,363	(16,306)
Dues, subscriptions and licenses	22,574	26,396	22,540	3,856
Center business and meetings	35,576	37,305	42,290	(4,985)
Expenditures for clients	58,988	44,690	59,535	(14,845)
Depreciation	220,279	240,364	265,000	(24,636)
Other costs	20	80	-	80
Total operating expenditures	13,982,275	15,529,169	17,559,785	(2,030,616)
REVENUE OVER OPERATING EXPENDITURES	$ 3,000,289	$ 3,789,211	$ 366,115	$ 3,423,096

CENTRAL KANSAS MENTAL HEALTH CENTER
CAPITAL EXPENDITURES

For the year ended December 31,		**2023**
Furnishings and equipment		
12 Desks	$	12,485
4 Desks		4,423
Water Heater		1,356
16 Van Repairs		3,263
Water Heaters Op & MYC		2,327
Mechanical Room Blower & Fan		1,062
2019 Ford Transit Van		37,195
2019 Dodge Journey		18,000
Gazebo for Op Picnic Area		1,598
2 Beds - MYC		2,705
10 Desks		12,207
2 Beds - MYC		2,705
Total furnishings and equipment		99,326
Technology		
5 Desktop Computers		5,401
20 Laptops		17,917
Computer for ED TV		1,192
Abilene Firewall		1,505
Switches for Op Lobby Room		10,976
10 Laptop Setups		12,517
Abilene Phone Install		2,205
3 ARPA Laptops/bags		2,844
Storage Server		3,479
Total technology		58,036
Buildings		
Phase 1 Schematic		980
Electrical for great room		2,895
Total buildings		3,875
TOTAL CAPITAL EXPENDITURES	$	161,237

CENTRAL KANSAS MENTAL HEALTH CENTER
CAPITAL EXPENDITURES

For the year ended December 31,		**2022**
Furnishings and equipment		
3 Desks	$	3,174
3 Desks		3,174
1 Desk		528
Total furnishings and equipment		6,876
Technology		
Computer for navigators whiteboard		771
Data & power for op basement and med rec		7,152
cisco firewall		2,038
1 server		12,638
10 laptops		8,732
1 server		12,638
Total technology		43,969
Buildings		
Phase 1 Schematic		12,339
Phase 1 Schematic		10,750
Phase 1 Schematic		2,309
A/C condensing unit for op library		5,061
A/C condensing unit for cr hallway		3,994
server room A/C unit		14,048
Total buildings		48,501
TOTAL CAPITAL EXPENDITURES	$	99,346

CENTRAL KANSAS MENTAL HEALTH CENTER
INSURANCE AND FIDELITY BOND COVERAGE (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

		Amount of Coverage
Commercial Property Coverage		
Buildings		$ 5,727,853
Business Personal Property		1,232,400
Blanket		1,000,000
Crisis Event Expense		25,000
Management Liability Coverage		
Directors & Officers		2,000,000
Employement Practices Liability		2,000,000
Fiduciary Liability		2,000,000
Security Breach Endorsement		200,000
Work Place Violence		1,000,000
Crime Coverage		
Employee Theft (Primary)	Per Occurrence	50,000
Employee Theft (Expanded Coverage)	Per Occurrence	25,000
Commercial Automobile		
Liability		1,000,000
Uninsured / Underinsured Liability		1,000,000
Hired & Non Owned Autos		1,000,000
Professional Liability		
Hospital Professional Liability	Each Claim	500,000
Hospital Professional Liability	Annual Aggregate	1,500,000
General Liability		
General Liability	Each Occurrence	1,000,000
General Liability	Annual Aggregate	3,000,000
Products & Completed ops Agg		3,000,000
Personal & Advertising Injury		3,000,000
Damage to Rented premises		50,000
Professional Liability	Each Claim	200,000
Professional Liability	Annual Aggregate	600,000
HCSF	Each Claim	800,000
HCSF	Annual Aggregate	2,400,000
Cyber Security		1,000,000
Commercial Umbrella		2,000,000
Worker's Compensation		
Bodily Injury by Accident	Each Accident	500,000
Bodily Injury by Disease	Each Employee	500,000
Bodily Injury by Disease	Policy Limit	500,000

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

To the Board of Directors
Central Kansas Mental Health Center
Salina, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Kansas Mental Health Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Kansas Mental Health Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Kansas Mental Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Kansas Mental Health Center's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Kansas Mental Health Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



SSC CPAs, P.A.
Salina, Kansas

May 9, 2024

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

To the Board of Directors of Central Kansas Mental Health Center:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Kansas Mental Health Center's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Central Kansas Mental Health Center's major federal programs for the year ended December 31, 2023. Central Kansas Mental Health Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Kansas Mental Health Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Central Kansas Mental Health Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Central Kansas Mental Health Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Central Kansas Mental Health Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform

Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Kansas Mental Health Center's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Kansas Mental Health Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Central Kansas Mental Health Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Central Kansas Mental Health Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

May 9, 2024

CENTRAL KANSAS MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Central Kansas Mental Health Center were prepared in accordance with U.S. GAAP.
2. No material weaknesses were identified and no significant deficiencies were reported in the design or operation of internal control over financial reporting.
3. No instances of noncompliance material to the financial statements of Central Kansas Mental Health Center, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.
4. No material weaknesses were identified and no significant deficiencies were reported in internal control over compliance during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Central Kansas Mental Health Center expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The program tested as a major programs was:

   Assistance Listing Number 93.696 Certified Community Behavioral Health Clinic Expansion Grants
8. The threshold for distinguishing Type A and Type B programs was $750,000 for major Federal programs.
9. Central Kansas Mental Health Center was determined to not be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

None.

CENTRAL KANSAS MENTAL HEALTH CENTER
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENTS

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

None.

CENTRAL KANSAS MENTAL HEALTH CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Name	Name of Grant - Grant ID No.	Federal Expenditures
EXPENDITURES OF FEDERAL AWARDS				
Medicaid Cluster-Cluster				
Department of Health and Human Services				
Medical Assistance Program	93.778	Kansas Department of Aging and Disability Services	Federal Medical Assistance Percentage --3453	$ 25,500
Total Department of Health and Human Services				25,500
Total Medicaid Cluster-Cluster				25,500
Other Programs				
Department of the Treasury				
Coronavirus state and local fiscal recover funds (COVID-19)	21.027	Saline County, Kansas	ARP	129,233
Total Department of the Treasury				129,233
Department of Health and Human Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Kansas Department of Aging and Disability Services	Path Grant--4316	44,410
Certified Community Behavioral Health Clinic Expansion Grants	93.696		CCBHC	826,061
Elder Abuse Prevention Interventions Program	93.747	Kansas Department for Children and Families	Prevention and Protection Services -- PPS-2023-APSMH-1	51,735
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829		CCBHC	219,194
Block Grants for Community Mental Health Services				
Block Grants for Community Mental Health Services	93.958	Kansas Department of Aging and Disability Services	Mental Health Block Grant--0462-0460	21,000
Block Grants for Community Mental Health Services	93.958	Kansas Department of Aging and Disability Services	IPS MHBC ARPA--18095SM085357-01	119,713
Total Block Grants for Community Mental Health Services				140,713
Total Department of Health and Human Services				1,282,113
Total Other Programs				1,411,346
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 1,436,846

No awards were passed through to subrecipients

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Central Kansas Mental Health Center (the Center) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. DE MINIMIS INDIRECT COST RATE

In accordance with Section 2 U.S. *Code of Federal Regulations* Part 200.412 the Center is allowed to elect to use the ten percent de minimis indirect cost rate. The Center elected to use the 10% de minimis indirect cost rate.