



**CENTRAL KANSAS MENTAL HEALTH
CENTER**

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 without donor restriction, 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, 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 June 21, 2022, 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 the Center's internal control over financial reporting and compliance.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

June 21, 2022

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENTS OF FINANCIAL POSITION

December 31,	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,747,358	\$ 3,820,201
Certificates of deposit	2,345,419	2,334,451
Accounts receivable, net	1,047,343	385,861
Interest receivable	1,264	3,719
Prepaid expense	274,184	193,625
Total current assets	8,415,568	6,737,857
Other assets		
Certificates of deposit - designated for fixed assets	219,693	218,271
Certificates of deposits - designated for expansion	2,008,696	2,000,000
Beneficial interest in assets held by Greater Salina Community Foundation	35,877	31,658
Total other assets	2,264,266	2,249,929
Property and equipment, net	3,433,104	3,649,872
TOTAL ASSETS	\$ 14,112,938	\$ 12,637,658
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 102,604	\$ 342,699
Accrued payroll and liabilities	648,559	533,820
Refundable advances	217,117	3,939
Total current liabilities	968,280	880,458
Net assets		
Without donor restrictions		
Designated for fixed assets	219,693	218,271
Designated for expansion	2,008,696	2,000,000
Undesignated	10,189,456	9,208,558
Total without donor restrictions	12,417,845	11,426,829
With donor restrictions		
Purpose restriction	726,813	330,371
Total net assets	13,144,658	11,757,200
TOTAL LIABILITIES AND NET ASSETS	\$ 14,112,938	\$ 12,637,658

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENTS OF ACTIVITIES

For the years ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Patient service revenue, net	\$ 7,534,126	\$ -	\$ 7,534,126	\$ 6,031,839	\$ -	\$ 6,031,839
Payments from counties	467,769	-	467,769	445,410	-	445,410
State aid	299,400	-	299,400	299,403	-	299,403
Other state aid and grants	1,059,428	-	1,059,428	1,441,063	-	1,441,063
Federal aid	1,848,299	1,241,223	3,089,522	1,434,824	853,478	2,288,302
Paycheck Protection Program loan forgiveness	-	-	-	1,571,100	-	1,571,100
Pay for performance funding	-	-	-	5,030	-	5,030
Interest income	34,202	-	34,202	66,779	-	66,779
Change in beneficial interest held by others	4,219	-	4,219	4,218	-	4,218
Loss on sale of equipment	(15,154)	-	(15,154)	(23,522)	-	(23,522)
Contributions and memorials	24,940	-	24,940	10,842	-	10,842
Miscellaneous revenue	207,322	-	207,322	257,223	-	257,223
Net assets released from restrictions	844,781	(844,781)	-	523,107	(523,107)	-
Total support and revenue	12,309,332	396,442	12,705,774	12,067,316	330,371	12,397,687
Expenses						
Program services	8,843,791	-	8,843,791	7,458,722	-	7,458,722
Management and general	2,474,525	-	2,474,525	2,669,081	-	2,669,081
Total expenses	11,318,316	-	11,318,316	10,127,803	-	10,127,803
CHANGE IN NET ASSETS	991,016	396,442	1,387,458	1,939,513	330,371	2,269,884
Beginning net assets	11,426,829	330,371	11,757,200	9,487,316	-	9,487,316
Ending net assets	\$ 12,417,845	\$ 726,813	\$ 13,144,658	\$ 11,426,829	\$ 330,371	\$ 11,757,200

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31,

2021

		Program Services	Management and General	Total
Personnel	\$	5,353,380	\$ 1,472,007	\$ 6,825,387
Payroll tax, KPERS, benefits		1,909,640	595,150	2,504,790
Facility rent		14,250	-	14,250
Repairs and maintenance		30,242	17,318	47,560
IT equipment and services		156,496	49,275	205,771
Contracted services		869,464	53,657	923,121
Employee hiring fees		1,500	4,173	5,673
Phone		18,654	3,762	22,416
Postage		-	8,788	8,788
Professional development		26,035	2,892	28,927
Professional licenses and dues		3,681	129	3,810
Mileage		100,869	-	100,869
Vehicle maintenance		4,090	-	4,090
Center business and travel		1,376	1,471	2,847
Center business and meetings		5,485	3,770	9,255
Advertising and marketing		7,249	-	7,249
Center membership and dues		608	20,703	21,311
Center subscriptions		1,452	243	1,695
Office supplies		15,282	13,043	28,325
Program supplies		9,967	-	9,967
Client flexible funding		1,792	-	1,792
Supported housing		32,968	-	32,968
CSS activity fund		3,273	-	3,273
Audit and legal		-	13,525	13,525
Insurance property and liability		29,364	126,182	155,546
Utilities		47,565	17,374	64,939
Food		27,694	1,048	28,742
Depreciation		171,415	70,015	241,430
TOTAL EXPENSES	\$	8,843,791	\$ 2,474,525	\$ 11,318,316

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31,

2020

		Program Services	Management and General	Total
Personnel	\$	4,568,482	\$ 1,546,510	\$ 6,114,992
Payroll tax, KPERS, benefits		1,620,873	602,710	2,223,583
Facility rent		14,260	-	14,260
Repairs and maintenance		89,356	39,392	128,748
IT equipment and services		123,790	117,101	240,891
Contracted services		594,126	52,263	646,389
Employee hiring fees		-	6,046	6,046
Phone		14,271	6,485	20,756
Postage		-	8,453	8,453
Professional development		14,685	1,139	15,824
Professional licenses and dues		3,976	-	3,976
Mileage		69,018	-	69,018
Vehicle maintenance		2,510	-	2,510
Center business and travel		3,083	1,993	5,076
Center business and meetings		17,231	7,332	24,563
Advertising and marketing		14,147	70	14,217
Center membership and dues		733	19,430	20,163
Center subscriptions		1,075	557	1,632
Office supplies		25,369	19,161	44,530
Program supplies		12,495	384	12,879
Client flexible funding		3,871	-	3,871
Supported housing		11,463	-	11,463
CSS activity fund		2,845	-	2,845
Audit and legal		-	10,020	10,020
Insurance property and liability		10,251	139,824	150,075
Utilities		45,292	18,874	64,166
Food		24,714	1,539	26,253
Other costs		-	32	32
Depreciation		170,806	69,766	240,572
TOTAL EXPENSES	\$	7,458,722	\$ 2,669,081	\$ 10,127,803

CENTRAL KANSAS MENTAL HEALTH CENTER
STATEMENTS OF CASH FLOWS

For the years ended December 31,	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,387,458	\$ 2,269,884
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	241,430	240,572
Change in beneficial interest held by others	(4,219)	(4,218)
Loss on sale of equipment	15,154	23,522
(Increase) decrease in operating assets:		
Accounts receivable, net	(661,482)	440,784
Interest receivable	2,455	4,609
Prepaid expenses	(80,559)	19,611
Increase (decrease) in operating liabilities:		
Accounts payable	(240,095)	142,556
Accrued wages and other liabilities	114,739	73,551
Refundable advances	213,178	(27,720)
NET CASH PROVIDED BY OPERATING ACTIVITIES	988,059	3,183,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(2,000,000)
Reinvested interest	(21,086)	(41,304)
Purchase of property and equipment	(41,136)	(115,973)
Proceeds on sale of equipment	1,320	-
NET CASH USED IN INVESTING ACTIVITIES	(60,902)	(2,157,277)
Net increase in cash and cash equivalents	927,157	1,025,874
Cash and cash equivalents, beginning of year	3,820,201	2,794,327
Cash and cash equivalents, end of year	\$ 4,747,358	\$ 3,820,201

CENTRAL KANSAS MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Central Kansas Mental Health Center (the Center) is an agency of the board 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, public contributions, and state, local and federal grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting method

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 restricts. Net assets designated for fixed assets amount agrees to the certificates of deposit designated for fixed asset 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 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.

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

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.

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

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:

Medicaid	\$ 6,265,096	\$ 5,063,658
Medicare	327,400	202,020
Commercial insurance	716,561	562,236
Private pay	129,347	121,712
Other	95,722	82,213
	<u>\$ 7,534,126</u>	<u>\$ 6,031,839</u>

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 \$217,117 and \$3,939 at December 31, 2021 and 2020, 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 Statement 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, Blue Cross Blue Shield, other commercial insurance, contracts, and self-pay from individuals. Account balances are written off when deemed uncollectible. An allowance for doubtful accounts 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, 2021 and 2020, the allowance was \$168,699 and \$48,663 respectively.

CENTRAL KANSAS MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020 was \$7,249 and \$14,217, 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 Organization. Unobservable inputs are inputs that reflect the Organization'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 Organization 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 Organization 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.

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

Pending accounting pronouncements

In February 2017, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in the ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Adoption of the standard is not expected to have a significant impact on the Center's financial statements.

In September 2020, the FASB issued ASU 2021-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides additional guidance on how to record in-kind contributions and includes expanded disclosure requirements. ASU 2021-07 is effective for annual reporting periods in fiscal years that begin after June 15, 2021. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2021-07. Adoption of the standard is not expected to have a significant impact on the Center's financial statements

3. CERTIFICATES OF DEPOSITS

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

	2021	2020
First Bank Kansas, Salina, KS	\$ 3,619,115	\$ 3,599,451
Bank of Tescott	245,000	245,000
Solomon State Bank	245,000	245,000
Bennington State Bank	464,693	463,271
	\$ 4,573,808	\$ 4,552,722

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:

	2021	2020
Cash and cash equivalents	\$ 4,747,358	\$ 3,820,201
Undesignated certificates of deposit	2,345,419	2,334,451
Accounts receivable, net	1,047,343	385,861
Interest receivable	1,264	3,719
Total financial assets available within one year	8,141,384	6,544,232
Less those generally unavailable for expenditure due to:		
Donor-imposed purpose restriction	(726,813)	(330,371)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,414,571	\$ 6,213,861

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020 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.

The assets are invested in a well-diversified asset mix, which includes equity and debt securities, fixed income and cash that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5% while growing the funds if possible. Actual returns in any given year may vary. Investment strategies are managed to not expose the funds to unacceptable levels of risk. The GSCF has a policy of appropriating for distributions each year an amount up to 5%, or the amount stipulated in the fund agreement if different, of each permanently restricted endowment fund's average fair value of the prior twenty quarters through the calendar year end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the GSCF considered the long-term expected return on its investment assets.

Activity in this fund included in change of beneficial interest was as follows:

	2021	2020
Beginning balance, January 1	\$ 31,658	\$ 27,440
Appreciation	4,414	4,413
Administrative fees	(195)	(195)
Ending balance, December 31	\$ 35,877	\$ 31,658

6. PROPERTY AND EQUIPMENT, NET

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

	2021	2020
Land	\$ 645,481	\$ 645,481
Building and improvements	5,540,535	5,517,373
Furnishings and equipment	381,723	384,768
Technology	327,770	672,990
Landscaping	44,107	44,107
Total property and equipment	6,939,616	7,264,719
Less accumulated depreciation	(3,506,512)	(3,614,847)
Property and equipment, net	\$ 3,433,104	\$ 3,649,872

Depreciation expense was \$241,430 and \$240,572 for the years ended December 31, 2021 and 2020 respectively.

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

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:

2021		Fair value measurements			
Description		(Level 1)	(Level 2)	(Level 3)	Total
Certificates of deposit	\$	4,573,808	\$ -	\$ -	\$ 4,573,808
Beneficial interest		-	35,877	-	35,877
Total	\$	4,573,808	\$ 35,877	\$ -	\$ 4,609,685

2020		Fair value measurements			
Description		(Level 1)	(Level 2)	(Level 3)	Total
Certificates of deposit	\$	4,552,722	\$ -	\$ -	\$ 4,552,722
Beneficial interest		-	31,658	-	31,658
Total	\$	4,552,722	\$ 31,658	\$ -	\$ 4,584,380

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, 2021 and 2020, the following amounts had been accumulated and remain unpaid:

	2021	2020
Paid leave	\$ 340,991	\$ 306,441
Extended leave	855,112	719,501
Total	\$ 1,196,103	\$ 1,025,942

Paid leave has been accrued in the December 31, 2021 and 2020 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 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.

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

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 8.87% 8.61% for the fiscal year ended December 31, 2021 and 2020, respectively. Contributions to the pension plan from the Center were \$591,150 and \$515,292 for the years ended December 31, 2021 and 2020, respectively.

Net Pension Liability. At December 31, 2021, the Center's proportionate share of the collective net pension liability reported by KPERS was \$3,696,177. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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 fiduciary net position of the KPERS' pension plan as of June 30, 2021 was \$25,254,595,319 and the total KPERS pension liability was \$33,054,045,604. The pension plan's net position as a percentage of the total pension liability was 76.40% as of June 30, 2021.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2020 which was rolled forward to June 30, 2021, 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	7.75% compounded annually, net of investment expense, including price inflation

Discount Rate. The discount rate used to measure the total liability was 7.75%. 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

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020.

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 policies of clients (e.g. Medicare, Medicaid, commercial insurance).

The total carrying amount of the Center's deposits were \$9,321,166 and \$8,372,923 at December 31, 2021 and 2020, respectively. The total of the bank balances was \$9,470,382 and \$8,598,098 as of December 31, 2021 and 2020, 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 \$991,855 and \$990,490 were fully insured by the FDIC as of December 31, 2021 and 2020. The balance of \$8,478,526 and \$6,707,295 was secured by the pledging financial institutions' agents in the Center's name at December 31, 2021 and 2020. The remaining balance of \$0 and \$899,313 were unsecured at December 31, 2021 and 2020.

As a result of significant disruption in the U.S. economy due to the outbreak of the COVID-19 Coronavirus in 2020, uncertainties have arisen which potentially may impact future operating results. The duration and extent to which COVID-19 may impact financial performance is being monitored closely by management and they believe any potential disruption in business to be temporary.

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,

CENTRAL KANSAS MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS

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:

	2021	2020
Purpose restricted:		
COVID relief funding	\$ 726,813	\$ 330,371

Net assets released from donor restrictions by incurring expenses satisfying the restrictions specified by the donors as follows for the year ended December 31:

	2021	2020
COVID relief funding	\$ 844,781	\$ 523,107

15. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

16. SUBSEQUENT EVENTS

The Center's management has evaluated events and transactions occurring after December 31, 2021 through June 21, 2022. The aforementioned date represents the date the financial Statements were available to be issued.

SUPPLEMENTARY INFORMATION

CENTRAL KANSAS MENTAL HEALTH CENTER
SCHEDULE OF REVENUES WITHOUT DONOR RESTRICTIONS, EXPENDITURES AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2020)

	Prior Year	Current Year		Variance
	Actual	Actual	(Unaudited) Budget	Over (Under)
Revenues				
Patient service revenue, net	\$ 6,025,084	\$ 7,524,348	\$ 8,293,800	\$ (769,452)
Other revenues				
Payments from counties	445,410	467,769	467,724	45
State aid	299,403	299,400	299,400	-
Federal aid and grants	3,398,994	4,148,950	1,346,898	2,802,052
Paycheck Protection Program loan forgiveness	1,571,100	-	-	-
Workshop/teaching revenue	6,755	9,778	12,000	(2,222)
Interest	66,779	34,202	50,000	(15,798)
Change in beneficial interest held by others	4,218	4,219	600	3,619
Contributions and memorials	10,842	24,940	-	24,940
Miscellaneous revenue	238,731	192,168	76,785	115,383
Total other revenues	6,042,232	5,181,426	2,253,407	2,928,019
Total revenues	12,067,316	12,705,774	10,547,207	2,158,567
Operating expenditures				
Salaries	6,114,992	6,825,387	6,116,719	708,668
Payroll taxes, KPERS, and benefits	2,223,583	2,504,790	2,689,357	(184,567)
Employee hiring fees	6,046	5,673	5,000	673
Rent	14,260	14,250	15,080	(830)
Repairs and maintenance	128,748	47,560	43,446	4,114
Computer costs	240,891	205,771	184,115	21,656
Contracted services	646,389	923,121	744,900	178,221
Phone	20,756	22,416	31,420	(9,004)
Postage	8,453	8,788	7,200	1,588
Professional development	15,824	28,927	-	28,927
Professional licenses and dues	3,976	3,810	1,980	1,830
Mileage	69,018	100,869	142,030	(41,161)
Vehicle maintenance	2,510	4,090	3,470	620
Advertising	14,217	7,249	13,980	(6,731)
Office supplies	44,530	28,325	27,987	338
Program supplies	12,879	9,967	10,280	(313)
Audit and legal	10,020	13,525	17,000	(3,475)
Insurance	150,075	155,546	155,000	546
Utilities	64,166	64,939	65,265	(326)
Dues, subscriptions and licenses	21,795	23,006	21,610	1,396
Center business and meetings	29,639	12,102	19,430	(7,328)
Expenditures for clients	44,432	66,775	65,855	920
Depreciation	240,572	241,430	265,000	(23,570)
Other costs	32	-	-	-
Total operating expenditures	10,127,803	11,318,316	10,646,124	672,192
REVENUE OVER (UNDER) EXPENDITURES	\$ 1,939,513	\$ 1,387,458	\$ (98,917)	1,486,375

CENTRAL KANSAS MENTAL HEALTH CENTER**CAPITAL EXPENDITURES**

For the year ended December 31,

2021**Furnishings and equipment**

Small table for auditorium	\$	533
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Technology

16 Dell laptops		13,303
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25 Dell laptops		18,920
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Total technology		32,223
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Buildings

Architect fees on building remodel/expansion		23,163
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TOTAL CAPITAL EXPENDITURES	\$	55,919
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CENTRAL KANSAS MENTAL HEALTH CENTER**CAPITAL EXPENDITURES**

For the year ended December 31,

2020**Furnishings and equipment**

MYC washer & dryer	\$ 1,500
MYC refrigerator	1,575
Signage project	1,858
Popcorn popper	1,178
MYC & auditorium ice makers	5,030
5 drinking fountains & icemakers installation	9,106
3 big/tall desk chairs	1,879
Auditorium storage cabinet	1,350

Total furnishings and equipment 23,476**Technology**

10 laptops & warranty	7,921
3 55" TVs	1,707
20 laptops	13,660
20 laptops & 40 warranties	17,730
15 desktop computers	13,746
25 iPad	14,000
4 70" smart TVs	2,992
BenQ short throw projector	849
Video conference equipment	11,192
2 TeraStation desktop hard drives	1,200

Total technology 84,997**Buildings**

OP 2nd floor restroom ADA doors	7,500
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TOTAL CAPITAL EXPENDITURES \$ 115,973

CENTRAL KANSAS MENTAL HEALTH CENTER
INSURANCE AND FIDELITY BOND COVERAGE (UNAUDITED)

		Amount of Coverage
Commercial Property Coverage		
Buildings	\$	5,727,853
Business Personal Property		1,232,400
Business Income with Extra Expense		8,000,000
Crisis Event Expense		25,000
Management Liability Coverage		
Directors & Officers		2,000,000
Employment 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	200,000
Hospital Professional Liability	Annual Aggregate	600,000
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
Umbrella Liability		
Umbrella Liability	Each Claim	2,000,000
Umbrella Liability	Annual Aggregate	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, 2021, 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 June 21, 2022.

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 is 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.

SSC CPAs, P.A.

Salina, Kansas

June 21, 2022



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

To the Board Central Kansas Mental Health Center:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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, 2021. 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.

Qualified Opinion on Assistance Listing Number 93.498 Provider Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinion section of our report, Central Kansas Mental Health Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance Listing Number 93.498 Provider Relief Fund for the year ended December 31, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

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 program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2021.

Basis for Qualified and Unmodified Opinions

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.

Matter Giving Rise to Qualified Opinion on Assistance Listing Number 93.498 Provider Relief Fund

As described in the accompanying schedule of findings and questioned costs, Central Kansas Mental Health Center did not comply with requirements regarding Assistance Listing Number 93.498 Provider Relief Fund as described in finding number 2021-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Central Kansas Mental Health Center to comply with the requirements applicable to that program.

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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Central Kansas Mental Health Center's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Central Kansas Mental Health Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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.

Government Auditing Standards requires the auditor to perform limited procedures on Central Kansas Mental Health Center's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Central Kansas Mental Health Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

June 21, 2022

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 operating of internal control over financial reporting.
3. No instances of noncompliance material to the financial statements of Central Kansas Mental Health Center, which would require to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One material weakness was identified and no significant deficiencies were reported in internal control over major federal award programs by the audit of the major federal award programs.
5. The independent auditor's report on compliance for the major federal award programs for Central Kansas Mental Health Center expresses a qualified opinion on Assistance Listing Number 93.498 Provider Relief Fund and an unmodified opinion on Assistance Listing Number 93.829 Certified Community Behavioral Health Clinic Expansion Grant.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were:
Assistance Listing Number 93.829 Certified Community Behavioral Health Clinic Expansion Grants
Assistance Listing Number 93.498 Provider Relief Fund
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.

CENTRAL KANSAS MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDINGS – FINANCIAL STATEMENTS

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

2021-001 Reporting to the Health Resources and Services Administration Portal

Federal Agency: United States Department of Health and Human Services

Program Name: Provider Relief Fund

Assistance Listing Number: 93.498

Compliance Requirement: Reporting

Type of Finding: Material noncompliance

Criteria: The Provider Relief Fund (PRF) was established under the Coronavirus, Aid, Relief, and Economic Security Act (Pub. L. No. 116-136, 134 Stat. 563) and the Coronavirus Relief and Response Supplemental Appropriations Act (Pub. L. No. 116-260). Eligible healthcare providers received PRF appropriations for health-care related expenses or lost revenues attributable to coronavirus. Recipients who received one or more payments exceeding \$10,000 are required to report in each applicable reporting period.

Condition: Central Kansas Mental Health Center incorrectly reported its utilization of its PRF appropriations as health-care related expenses rather than lost revenues attributable to coronavirus in its Period 1 and Period 2 reports to the Health Resources and Services Administration reporting portal.

Cause: Policies and procedures over federal grant reporting were not in place to ensure required reports are completed accurately.

Effect: Central Kansas Mental Health Center's utilization of its PRF appropriations were incorrectly reported to the Health Resources and Services Administration reporting portal.

Questioned costs: None

Perspective Information: We tested the Period 1 and Period 2 reports submitted during the reporting period to supporting documentation to determine if the report was completed accurately.

Repeat Finding: N/A

Recommendations: We recommend policies and procedures over federal grant reporting be strengthened to ensure required reports are completed accurately.

Views of Responsible Officials: Central Kansas Mental Health Center agrees with this finding of noncompliance of its reporting requirements. Beginning with the reporting portal opening on July 1, 2022, a second reviewer of the documentation prepared will be instituted requiring an approval prior to submission.

CENTRAL KANSAS MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2021-002 Controls over Reporting to the Health Resources and Services Administration Portal

Federal Agency: United States Department of Health and Human Services

Program Name: Provider Relief Fund

Assistance Listing Number: 93.498

Type of Finding: Material weakness in internal control over compliance

Criteria: An effective internal control system exists if controls are effective in preventing or detecting material noncompliance of federal awards.

Condition: Central Kansas Mental Health Center's internal control system did not detect material noncompliance of incorrectly reporting its utilization of PRF appropriations as health-care related expenses rather than lost revenues attributable to coronavirus in its Period 1 and Period 2 reports to the Health Resources and Services Administration reporting portal.

Cause: Effective controls were not in place to ensure required reports are completed accurately.

Effect: Central Kansas Mental Health Center's utilization of its PRF appropriations were incorrectly reported to the Health Resources and Services Administration reporting portal.

Questioned costs: None

Perspective Information: We tested the Period 1 and Period 2 reports submitted during the reporting period to supporting documentation to determine if controls were in place to ensure the report was completed accurately.

Repeat Finding: N/A

Recommendations: We recommend policies and procedures over federal grant reporting be strengthened to ensure that proper controls are in place to ensure required reports are completed accurately.

Views of Responsible Officials: Central Kansas Mental Health Center agrees with this finding of material weakness in internal control over compliance. Beginning with the reporting portal opening on July 1, 2022, a second reviewer of the documentation prepared will be instituted requiring an approval prior to submission.

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

PRIOR YEAR AUDIT FINDINGS

None.

CENTRAL KANSAS MENTAL HEALTH CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Grantor	Expenditures
Department of Homeland Security			
Crisis Counseling	97.032	Direct Award	\$ 8,944
Total Department of Homeland Security			8,944
Department of Health and Human Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Kansas Department of Aging and Disability Services	38,005
Provider Relief Fund			
COVID-19 Provider Relief Fund	93.498	Direct Award	853,478
COVID-19 Provider Relief Fund	93.498	Aetna	3,044
COVID-19 Provider Relief Fund	93.498	Sunflower	7,861
COVID-19 Provider Relief Fund	93.498	United	2,493
Total Provider Relief Fund			866,876
Certified Community Behavioral Health Clinic Expansion Grants			
Certified Community Behavioral Health Clinic Expansion Grants	93.829	Direct Award	1,438,981
Total Department of Health and Human Services			2,343,862
Department of Housing and Urban Development			
Emergency Solutions Grant Program	14.231	Saline County Kansas	22,544
Total Department of Housing and Urban Development			22,544
Department of the Treasury			
COVID-19 Coronavirus Relief Fund	21.019	Ellsworth County Kansas	757
Total Department of the Treasury			757
Total Expenditures of Federal Awards			\$ 2,376,107

No awards were passed through subrecipients

CENTRAL KANSAS MENTAL HEALTH CENTER

NOTES TO 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.

4. PROVIDER RELIEF FUNDING

Per the 2021 OMB *Compliance Supplement*, the Provider Relief Fund amounts reported on the schedule of expenditures of federal awards are to be reported based upon the Provider Relief Fund report that is required to be submitted to the Health Resources and Services Administration reporting portal. Therefore, the amount reported above for the Provider Relief Fund is from the Period 1 and Period 2 Provider Relief Fund reports.