SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

AUDIT REPORT
For the years ended December 31, 2023 and 2022

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

AUDIT REPORT
For the years ended December 31, 2023 and 2022

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HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southwest Guidance Center
PO Box 2945
Liberal, KS 67905-2945

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Southwest Guidance Center (a nonprofit organization), which comprise the statement 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 accompanying financial statements present fairly, in all material respects, the financial position of Southwest Guidance 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southwest Guidance Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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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 Southwest Guidance 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 Southwest Guidance 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 Southwest Guidance 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards and other schedules as listed in the table of contents 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 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of Southwest Guidance 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwest Guidance Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Guidance Center's internal control over financial reporting and compliance.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

June 4, 2024

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

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
Southwest Guidance Center
PO Box 2945
Liberal, KS 67905-2945

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 Southwest Guidance 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, and have issued our report thereon dated June 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwest Guidance 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 Southwest Guidance Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

June 4, 2024

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit A

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash	$ 380,399	$ 630,467
Restricted cash	-	5,325
Receivables:		
Client accounts	879,859	615,832
Client contingency accounts	18,512	-
Miscellaneous accounts	75	75
Prepaid Expense:		
Insurance and contracts	29,659	29,725
Total current assets	$1,308,504	$1,281,424
Depreciable Assets		
Furnishings & office equipment	$ 233,255	$ 233,255
Mobile equipment – Auto	281,379	281,379
Computer	438,715	397,476
Lease improvement	39,730	39,730
Building	270,155	270,155
Building improvements	406,425	404,386
Total cost	$1,669,659	$1,626,381
Less – Accumulated depreciation	1,273,822	1,189,398
Net depreciable assets	$ 395,837	$ 436,983
Other Assets		
Investments – BrightEHR LLC	$ 5,050	$ 5,499
Total Assets	$1,709,391	$1,723,906
LIABILITIES AND NET ASSETS		
Current Liabilities		
Vouchers payable	$ 48,754	$ 43,948
Accrued salaries	88,281	64,148
Accrued compensated absences	62,713	59,738
Total current liabilities	$ 199,748	$ 167,834
Net Assets		
Without donor restrictions	$1,509,643	$1,550,747
With donor restrictions	-	5,325
Total net assets	$1,509,643	$1,556,072
Total Liabilities and Net Assets	$1,709,391	$1,723,906

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit B

STATEMENTS OF ACTIVITIES
For the years ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues and Reclassifications:						
Support:						
Trust account receipts for clients	$ -	-	$ -	$ -	$ 13,581	$ 13,581
Funding from participating counties (Schedule 1)	183,650	-	183,650	182,046	-	182,046
Funding from State of Kansas – State aid	111,614	-	111,614	111,614	-	111,614
Mental health reform, State of Kansas	978,829	-	978,829	787,090	-	787,090
Case management grant, State of Kansas	3,940	-	3,940	4,448	-	4,448
Medicaid prescreen	28,065	-	28,065	28,065	-	28,065
Supported housing programs	3,500	-	3,500	7,930	-	7,930
Covid grant supported employment	-	-	-	107,451	-	107,451
SAMHSA Grant	388,833	-	388,833	54,120	-	54,120
Donations, Bequest and Contributions:						
Cooper Clark Foundation	-	-	-	5,000	-	5,000
Baughman Foundation	-	-	-	6,000	-	6,000
Denver Foundation	-	-	-	10,000	-	10,000
Total support	$1,698,431	-	$1,698,431	$1,303,764	$ 13,581	$1,317,345
Revenues:						
Interest on time deposits	$ 977	-	$ 977	$ 1,435	-	$ 1,435
Charges for services	925,060	-	925,060	938,462	-	938,462
Partnership income (loss)	(449)	-	(449)	40	-	40
Miscellaneous	35,834	-	35,834	41,235	-	41,235
Total revenues	$ 961,422	-	$ 961,422	$ 981,172	-	$ 981,172
Reclassifications:						
Net Assets Released from Restrictions (Note 7):						
Satisfaction of purpose restrictions	$ 5,325	$ (5,325)	-	$ 18,093	$ (18,093)	-
Total support, revenues and reclassifications	$2,665,178	$ (5,325)	$2,659,853	$2,303,029	$ (4,512)	$2,298,517

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit B
(Continued)

STATEMENTS OF ACTIVITIES
For the years ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program Services:						
Children's waiver	$ 197,648	-	$ 197,648	$ 193,850	-	$ 193,850
Trust accounts for clients	5,325	-	5,325	18,093	-	18,093
Evaluation services	45,762	-	45,762	35,709	-	35,709
Medication assessment/Maintenance program	361,773	-	361,773	372,615	-	372,615
Emergency services	57,463	-	57,463	42,096	-	42,096
Outpatient services	308,323	-	308,323	329,046	-	329,046
Adult's mental health reform	64,384	-	64,384	58,209	-	58,209
Adult's case management	59,585	-	59,585	82,451	-	82,451
Adult's psychosocial group	25,878	-	25,878	18,676	-	18,676
Adult's crisis & non crisis attendant care	1,208	-	1,208	592	-	592
SAMSHA, IPS, Housing and Mobile Crisis	346,321	-	346,321	-	-	-
Supported employment	-	-	-	24,851	-	24,851
Children's mental health reform	63,282	-	63,282	57,994	-	57,994
Children's case management	45,593	-	45,593	60,116	-	60,116
Children's psychosocial group	17,094	-	17,094	10,406	-	10,406
Children's crisis & non crisis attendant care	81	-	81	47	-	47
Total program services	$1,599,720	-	$1,599,720	$1,304,751	-	$1,304,751
Support Services – General and administrative	1,106,562	-	1,106,562	930,183	-	930,183
Total expenses	$2,706,282	-	$2,706,282	$2,234,934	-	$2,234,934
Change in Net Assets	$ (41,104)	$ (5,325)	$ (46,429)	$ 68,095	$ (4,512)	$ 63,583
Net Assets, Beginning of year	1,550,747	5,325	1,556,072	1,482,652	9,837	1,492,489
Net Assets, End of year	$1.509,643	-	$1,509,643	$1,550,747	$ 5,325	$1,556,072

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	Program Services								
	Children's Waiver	Trust Accounts For Clients	Evaluation Services	Medication Assessment/ Maintenance Program	Emergency Services	Outpatient Services	Adult's Mental Health Reform	Adult's Case Management & Supported Housing	Adult's Psychosocial Group
Personal Services:									
Compensation	$138,021	-	$ 33,507	$262,626	-	$156,142	$ 21,608	$ 39,929	$ 12,294
Compensation from grants	-	-	-	-	-	-	-	-	-
Fringe Benefits:									
Health/Life insurance	29,080	-	6,651	52,134	-	30,996	4,289	7,926	2,440
Social Security	10,117	-	2,314	18,136	-	10,783	1,492	2,757	849
Retirement	13,646	-	3,121	24,463	-	14,545	2,013	3,719	1,145
Unemployment tax	270	-	62	484	-	288	40	74	23
Flex plan	132	-	30	237	-	141	20	36	11
Miscellaneous personnel	338	-	77	606	-	360	50	92	28
Total personal services	$191,604	-	$ 45,762	$358,686	-	$213,255	$ 29,512	$ 54,533	$ 16,790
Supplies:									
Office, copier, postage and computer	$ -	-	-	$ 154	-	-	$ 496	-	-
Janitorial	-	-	-	-	-	-	-	-	-
Board and administrative	-	-	-	-	-	-	-	-	-
Miscellaneous	39	-	-	29	-	-	144	-	-
Total supplies	$ 39	-	-	$ 183	-	-	$ 640	-	-
Professional Fees:									
Diagnosis and therapy	-	-	-	-	-	$ 385	-	-	-
Legal and accounting services	-	-	-	-	-	-	-	-	-
Licensed clinical services	-	-	-	-	-	90,558	-	-	-
Contract office services	-	-	-	-	-	79	-	-	-
Total professional fees	-	-	-	-	-	$ 91,022	-	-	-

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C
(Continued)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	Program Services								
	Adult's Crisis & Noncrisis Attendant Care	SAMHSA, IPS, Housing and Mobile Crisis Grant	Children's Mental Health Reform	Children's Case Management	Children's Psychosocial Group	Children's Crisis & Noncrisis Attendant Care	Total Program Services	General and Administrative	Total Expenses
Personal Services:									
Compensation	-	$148,259	$ 21,608	$ 32,817	$ 12,294	-	$ 879,105	$446,757	$1,325,862
Compensation from grants	-	-	-	-	-	-	-	-	-
Fringe Benefits:									
Health/Life insurance	-	29,400	4,289	6,514	2,440	-	176,159	89,054	265,213
Social Security	-	11,594	1,492	2,266	849	-	62,649	30,980	93,629
Retirement	-	12,224	2,013	3,056	1,145	-	81,090	41,789	122,879
Unemployment tax	-	-	40	61	23	-	1,365	828	2,193
Flex plan	-	-	20	30	11	-	668	405	1,073
Miscellaneous personnel	-	-	50	76	28	-	1,705	1,035	2,740
Total personal services	-	$201,477	$ 29,512	$ 44,820	$ 16,790	-	$1,202,741	$610,848	$1,813,589
Supplies:									
Office, copier, postage and computer	-	-	$ 462	-	-	-	$ 1,112	$ 24,172	$ 25,284
Janitorial	-	-	-	-	-	-	-	2,480	2,480
Board and administrative	-	-	-	-	-	-	-	3,493	3,493
Miscellaneous	-	-	144	-	-	-	356	6,842	7,198
Total supplies	-	-	$ 606	-	-	-	$ 1,468	$ 36,987	$ 38,455
Professional Fees:									
Diagnosis and therapy	-	$ -	-	-	-	-	$ 385	$ -	$ 385
Legal and accounting services	-	-	-	-	-	-	-	11,825	11,825
Licensed clinical services	-	-	-	-	-	-	90,558	-	90,558
Contract office services	-	101,250	-	-	-	-	101,329	16,501	117,830
Total professional fees	-	$101,250	-	-	-	-	$ 192,272	$ 28,326	$ 220,598

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C
(Continued)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	Program Services								
	Children's Waiver	Trust Accounts For Clients	Evaluation Services	Medication Assessment/ Maintenance Program	Emergency Services	Outpatient Services	Adult's Mental Health Reform	Adult's Case Management & Supported Housing	Adult's Psychosocial Group
Other Functional Expenses:									
Utilities	$ -	$ -	-	$ -	$ -	$ -	$ -	$ 250	$ 4,860
Telephone and answering service	613	-	-	439	56,585	2,135	790	310	-
Insurance and fidelity bonds	-	-	-	-	-	-	-	-	-
Travel, auto and training expense	5,160	-	-	153	58	14	406	4,092	178
Computer expense	-	-	-	-	820	-	11,280	-	-
Janitorial service	-	-	-	-	-	-	1,800	-	3,600
Program expenses – Case management	232	-	-	194	-	-	-	-	-
Rent expense	-	-	-	-	-	-	19,686	400	-
Interest expense	-	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-
Building and grounds maintenance	-	-	-	-	-	-	270	-	450
Other administrative expense	-	-	-	-	-	1,199	-	-	-
Association and professional dues	-	-	-	2,118	-	698	-	-	-
Public notices and advertising	-	-	-	-	-	-	-	-	-
Copier/lease maintenance	-	-	-	-	-	-	-	-	-
Trust account disbursements for clients	-	5,325	-	-	-	-	-	-	-
Total other functional expenses	$ 6,005	$ 5,325	-	$ 2,904	$ 57,463	$ 4,046	$ 34,232	$ 5,052	$ 9,088
Total expenses before depreciation	$197,648	$ 5,325	$ 45,762	$361,773	$ 57,463	$308,323	$ 64,384	$ 59,585	$ 25,878
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenses	$197,648	$ 5,325	$ 45,762	$361,773	$ 57,463	$308,323	$ 64,384	$ 59,585	$ 25,878

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C
(Continued)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	Program Services								
	Adult's Crisis & Noncrisis Attendant Care	SAMHSA, IPS, Housing and Mobile Crisis Grant	Children's Mental Health Reform	Children's Case Management	Children's Psychosocial Group	Children's Crisis & Noncrisis Attendant Care	Total Program Services	General and Administrative	Total Expenses
Other Functional Expenses:									
Utilities	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,110	$ 14,502	$ 19,612
Telephone and answering service	193	2,840	790	-	-	-	64,695	10,297	74,992
Insurance and fidelity bonds	-	-	-	-	-	-	-	62,187	62,187
Travel, auto and training expense	1,015	11,364	402	773	304	81	24,000	17,744	41,744
Computer expense	-	29,390	10,361	-	-	-	51,851	112,746	164,597
Janitorial service	-	-	1,800	-	-	-	7,200	7,200	14,400
Program expenses – Case management	-	-	-	-	-	-	426	-	426
Rent expense	-	-	19,686	-	-	-	39,772	1,662	41,434
Interest expense	-	-	-	-	-	-	-	99	99
Bad debts written off	-	-	-	-	-	-	-	60,302	60,302
Printing	-	-	-	-	-	-	-	269	269
Building and grounds maintenance	-	-	125	-	-	-	845	6,136	6,981
Other administrative expense	-	-	-	-	-	-	1,199	-	1,199
Association and professional dues	-	-	-	-	-	-	2,816	36,458	39,274
Public notices and advertising	-	-	-	-	-	-	-	9,874	9,874
Copier lease/maintenance	-	-	-	-	-	-	-	6,500	6,500
Trust account disbursements for clients	-	-	-	-	-	-	5,325	-	5,325
Total other functional expenses	$ 1,208	$ 43,594	$ 33,164	$ 773	$ 304	$ 81	$ 203,239	$ 345,976	$ 549,215
Total expenses before depreciation	$ 1,208	$346,321	$ 63,282	$ 45,593	$ 17,094	$ 81	$1,599,720	$1,022,137	$2,621,857
Depreciation	-	-	-	-	-	-	-	84,425	84,425
Total Expenses	$ 1,208	$346,321	$ 63,282	$ 45,593	$ 17,094	$ 81	$1,599,720	$1,106,562	$2,706,282

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Services								
	Children's Waiver	Trust Accounts For Clients	Evaluation Services	Medication Assessment/ Maintenance Program	Emergency Services	Outpatient Services	Adult's Mental Health Reform	Adult's Case Management & Supported Housing	Adult's Psychosocial Group
Personal Services:									
Compensation	$135,149	-	$ 26,224	$277,680	-	$130,867	$ 17,510	$ 51,453	$ 6,789
Compensation from grants	-	-	-	-	-	-	-	-	-
Fringe Benefits:									
Health/Life insurance	25,532	-	4,954	47,818	-	24,723	3,308	9,720	1,283
Social Security	9,914	-	1,924	18,567	-	9,600	1,284	3,774	498
Retirement	12,611	-	2,447	23,619	-	12,212	1,634	4,801	633
Unemployment tax	290	-	56	543	-	281	38	110	15
Flex plan	137	-	27	257	-	133	18	52	7
Miscellaneous personnel	401	-	77	750	-	388	52	152	20
Total personal services	$184,034	-	$ 35,709	$369,234	-	$178,204	$ 23,844	$ 70,062	$ 9,245
Supplies:									
Office, copier, postage and computer	$ 70	-	-	$ 298	-	-	$ 467	-	-
Janitorial	-	-	-	-	-	-	4	-	-
Board and administrative	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	125	-	-
Total supplies	$ 70	-	-	$ 298	-	-	$ 596	-	-
Professional Fees:									
Diagnosis and therapy	-	-	-	-	-	$ 367	-	-	-
Legal and accounting services	-	-	-	-	-	-	-	-	-
Licensed clinical services	-	-	-	-	-	146,160	-	-	-
Contract office services	-	-	-	-	-	133	-	-	-
Total professional fees	-	-	-	-	-	$146,660	-	-	-

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C
(Continued)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Services								
	Adult's Crisis & Noncrisis Attendant Care	SAMHSA Grant	Children's Mental Health Reform	Children's Case Management	Children's Psychosocial Group	Children's Crisis & Noncrisis Attendant Care	Total Program Services	General and Administrative	Total Expenses
Personal Services:									
Compensation	-	$ 8,457	$ 17,510	$ 43,301	$ 6,789	-	$ 721,729	$405,422	$1,127,151
Compensation from grants	-	-	-	-	-	-	-	-	-
Fringe Benefits:									
Health/Life insurance	-	-	3,308	8,180	1,283	-	130,109	82,370	212,479
Social Security	-	647	1,284	3,176	498	-	51,166	31,336	82,502
Retirement	-	797	1,634	4,041	633	-	65,062	39,889	104,951
Unemployment tax	-	-	38	93	15	-	1,479	935	2,414
Flex plan	-	-	18	44	7	-	700	442	1,142
Miscellaneous personnel	-	-	52	128	20	-	2,040	1,292	3,332
Total personal services	-	$ 9,901	$ 23,844	$ 58,963	$ 9,245	-	$ 972,285	$561,686	$1,533,971
Supplies:									
Office, copier, postage and computer	-	-	$ 397	-	-	-	$ 1,232	$ 16,121	$ 17,353
Janitorial	-	-	4	-	-	-	8	4,183	4,191
Board and administrative	-	-	-	-	-	-	-	1,960	1,960
Miscellaneous	-	-	125	-	-	-	250	328	578
Total supplies	-	-	$ 526	-	-	-	$ 1,490	$ 22,592	$ 24,082
Professional Fees:									
Diagnosis and therapy	-	-	-	-	-	-	$ 367	$ -	$ 367
Legal and accounting services	-	-	-	-	-	-	-	12,081	12,081
Licensed clinical services	-	-	-	-	-	-	146,160	-	146,160
Contract office services	-	5,000	-	-	-	-	5,133	4,758	9,891
Total professional fees	-	$ 5,000	-	-	-	-	$ 151,660	$ 16,839	$ 168,499

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C
(Continued)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Services								
	Children's Waiver	Trust Accounts For Clients	Evaluation Services	Medication Assessment/ Maintenance Program	Emergency Services	Outpatient Services	Adult's Mental Health Reform	Adult's Case Management & Supported Housing	Adult's Psychosocial Group
Other Functional Expenses:									
Utilities	$ -	$ -	-	$ -	$ -	$ -	$ -	$ -	$ 4,793
Telephone and answering service	945	-	-	-	42,050	2,241	3,342	280	-
Insurance and fidelity bonds	-	-	-	-	-	-	-	-	-
Travel, auto and training expense	8,377	-	-	1,607	46	1,244	104	3,642	340
Computer expense	-	-	-	-	-	-	7,942	-	-
Janitorial service	-	-	-	-	-	-	1,800	-	3,600
Program expenses – Case management	376	-	-	103	-	-	27	29	19
Rent expense	-	-	-	-	-	-	19,686	7,255	-
Rent expense from grants	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Recruiting expense	48	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	-	-	-
Building and grounds maintenance	-	-	-	-	-	-	(1,185)	1,183	679
Association and professional dues	-	-	-	1,373	-	697	-	-	-
Public notices and advertising	-	-	-	-	-	-	-	-	-
Copier/lease maintenance	-	-	-	-	-	-	2,053	-	-
Trust account disbursements for clients	-	18,093	-	-	-	-	-	-	-
Total other functional expenses	$ 9,746	$ 18,093	-	$ 3,083	$ 42,096	$ 4,182	$ 33,769	$ 12,389	$ 9,431
Total expenses before depreciation	$193,850	$ 18,093	$ 35,709	$372,615	$ 42,096	$329,046	$ 58,209	$ 82,451	$ 18,676
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenses	$193,850	$ 18,093	$ 35,709	$372,615	$ 42,096	$329,046	$ 58,209	$ 82,451	$ 18,676

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit C
(Continued)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Services								
	Adult's Crisis & Noncrisis Attendant Care	SAMHSA Grant	Children's Mental Health Reform	Children's Case Management	Children's Psychosocial Group	Children's Crisis & Noncrisis Attendant Care	Total Program Services	General and Administrative	Total Expenses
Other Functional Expenses:									
Utilities	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,793	$ 12,683	$ 17,476
Telephone and answering service	(35)	-	3,342	210	-	-	52,375	13,387	65,762
Insurance and fidelity bonds	-	-	-	-	-	-	-	56,214	56,214
Travel, auto and training expense	578	200	68	852	1,103	47	18,208	10,267	28,475
Computer expense	-	9,750	7,942	-	-	-	25,634	68,518	94,152
Janitorial service	-	-	1,800	-	-	-	7,200	7,200	14,400
Program expenses – Case management	-	-	10	-	58	-	622	-	622
Rent expense	-	-	19,686	-	-	-	46,627	1,329	47,956
Rent expense from grants	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	3	3
Recruiting expense	49	-	-	-	-	-	97	375	472
Bad debts written off	-	-	-	-	-	-	-	35,178	35,178
Printing	-	-	-	-	-	-	-	652	652
Building and grounds maintenance	-	-	(1,277)	91	-	-	(509)	14,136	13,627
Association and professional dues	-	-	-	-	-	-	2,070	15,754	17,824
Public notices and advertising	-	-	-	-	-	-	-	8,195	8,195
Copier lease/maintenance	-	-	2,053	-	-	-	4,106	6,167	10,273
Trust account disbursements for clients	-	-	-	-	-	-	18,093	-	18,093
Total other functional expenses	$ 592	$ 9,950	$ 33,624	$ 1,153	$ 1,161	$ 47	$ 179,316	$250,058	$ 429,374
Total expenses before depreciation	$ 592	$ 24,851	$ 57,994	$ 60,116	$ 10,406	$ 47	$1,304,751	$851,175	$2,155,926
Depreciation	-	-	-	-	-	-	-	79,008	79,008
Total Expenses	$ 592	$ 24,851	$ 57,994	$ 60,116	$ 10,406	$ 47	$1,304,751	$930,183	$2,234,934

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Exhibit D

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating and Non-Operating Activities		
Cash received from customers	$ 642,521	$ 632,859
Cash received from support entities	1,668,128	1,175,313
Cash paid to suppliers and employees	(2,584,551)	(2,148,957)
Interest received	975	1,435
Miscellaneous income	66,137	169,686
Net cash provided (used) by operating and non-operating activities	$ (206,790)	$ (169,664)
Cash Flows from Investing Activities		
Capital expenditures	(43,278)	(151,682)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (250,068)	$ (321,346)
Cash and Cash Equivalents – Beginning of year	630,467	951,813
Cash and Cash Equivalents – End of year	$ 380,399	$ 630,467

There were no non-cash transactions for the years ended December 31, 2023 and 2022.

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

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note 1: Summary of Accounting Policies

A. Nature of Activities

Southwest Guidance Center is a community mental health center whose service area is composed of Haskell, Meade, Seward and Stevens counties in Southwestern Kansas. It is governed by a sixteen member board. When an opening occurs on the board, the County Commissioners of the four counties in its service area gives their recommendations for potential board members. However, the board of Southwest Guidance Center approves the final selection of the members to the board.

Southwest Guidance Center is licensed as a community mental health center on a biannual basis by the Mental Health/Retardation Services of the Kansas Department of Social and Rehabilitation Services.

Its mission is to provide services to meet the health education, prevention, and treatment needs of the residents of its four county service area. This care is to be provided in such a way as to respect the personal dignity and rights of each individual.

The Center's services are made available to every resident of the Center's service area regardless of an individual's race, color, religion, age, sex, or place of national origin.

Persons who present themselves as experiencing a mental health emergency are never denied service for any reason.

B. Income Tax Status

The organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the organization qualifies for a charitable contribution under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2021, 2022, and 2023 are subject to examination by the IRS, generally for 3 years after they were filed.

Note 1: Summary of Accounting Policies (Continued)

C. Revenue Recognition

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

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

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

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

Note 1: Summary of Accounting Policies (Continued)

C. Revenue Recognition (Continued)

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

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

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

Program Services

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 1: Summary of Accounting Policies (Continued)

D. Cash Equivalents

For purposes of the statement of cash flows, the company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

E. Basis of Accounting

The accompanying financial statements have been prepared on the basis of accounting in accordance with accounting principles generally accepted in the United States of America.

F. Client Accounts Receivable

These assets are recorded at gross billings. No attempt has been made to set up an allowance for doubtful accounts. Direct charge-offs of an account are made when it becomes apparent that collection will not be made. Accounts receivable are then adjusted down to a collectible amount.

G. Property and Equipment

All acquisitions of property and equipment in excess of $250 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Depreciation is taken over useful life of 5 to 40 years with no salvage value. Depreciation for 2023 was $89,425.

H. Cash and Time Deposits

Deposits are carried at cost and, if applicable, plus accrued interest. The carrying amount of deposits is separately displayed as "cash".

Southwest Guidance Center deposited and/or invested funds with the Sunflower Bank, Equity Bank and Bank of America, all of Liberal, Kansas.

Note 1: Summary of Accounting Policies (Continued)

H. Cash and Time Deposits (Continued)

At year end the carrying amount of the Center's deposits, including certificates of deposit, was $380,399. The bank statement balances were $390,467. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, $286,416 was covered by FDIC insurance and $104,051 was covered by securities pledged.

Certificates of deposit totaling $25,000 ($25,000 at December 31, 2022) are included in cash in the accompanying financial statements. The certificates bear interest ranging from 1% to 4% and have maturities ranging from three to twelve months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

I. Defined Benefit Pension Plan

Plan Description

Southwest Guidance Center participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by KSA 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org 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.

Note 1: Summary of Accounting Policies (Continued)

I. Defined Benefit Pension Plan (Continued)

Contributions (Continued)

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% for the fiscal year ended December 31, 2023. Contributions to the pension plan from Southwest Guidance Center were $109,845 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, Southwest Guidance Center's proportionate share of the collective net pension liability reported by KPERS was $1,118,729. 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. Southwest Guidance Center's proportion of the net pension liability was based on the ratio of Southwest Guidance Center's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 1: Summary of Accounting Policies (Continued)

I. Defined Benefit Pension Plan (Continued)

Southwest Guidance Center, Inc. has set up a 403(b)(7) retirement plan in which the employees can elect to contribute to after three months of employment. The agency no longer offers matching funds to employees that participate.

J. Compensated Absences

Professional staff hired prior to January 6, 2011 accrue vacation time at the rate of 1 2/3 vacation days per month or up to 20 working days per year. Professional staff hired after January 6, 2011 accrue vacation time at the rate of 1 1/4 vacation days per month or up to 15 working days per year.

Support staff hired prior to January 6, 2011 accrue vacation time at the rate of 1 1/4 vacation days per month or up to 15 working days per year. Support staff hired after January 6, 2011, accrue vacation time at the rate of .832 vacation days per month or up to 10 working days per year.

Regular part-time employees accrue vacation time prorated on the same basis as that for full-time employees.

Vacation time accumulated from and after the first month of employment was not available for use until after six months of employment.

Earned vacation time must be used and cannot accumulate in excess of the total allowed for one calendar year, which is 240 hours, except with the expressed permission of the executive director.

Liabilities for compensated absences have been inventoried at the end of the year and adjusted to current salary cost.

Note 1: Summary of Accounting Policies (Continued)

K. Uncompensated Absences

Upon termination, an employee shall not be paid for any accumulated unused compensatory or sick leave time.

L. Contingent Liabilities

The Center participates in the State of Kansas grants to community mental health facilities. These programs are subject to program compliance audits by the grantor or their representatives. The audit of these programs for the year ended December 31, 2023 have not been conducted. Accordingly, the Center's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Center expects such amounts, if any, to be immaterial.

M. Budget Information and Encumbrances

Annually a budget is approved by the governing body. This approved budget provides management with the total dollar amount that may be legally expended each year: to provide the documentation needed in requesting appropriations from all the participating counties; and to provide other necessary information for management purposes. The annual budget is not required to be filed with the County Clerk for submission to the Kansas Department of Administration.

The operating budget is prepared using the accrual basis of accounting.

N. Expendable Restricted Resources

Operating funds restricted by the grantor or other outside party for particular operating purposes are reported as revenues when earned. The funds incur expenditures in compliance with the specific restrictions of the grantor.

Note 1: Summary of Accounting Policies (Continued)

O. Allocation of Expenses

During operations in the year certain types of expenditures are allocated within the general fund. These expenditures are allocated so that the organization may match the expenditures with the appropriate grants. The organization's allocation is in proportion to the budgets that are approved by the grantor and time allocation reports.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q. Advertising

Advertising costs are expensed as incurred.

R. Donated Services

Donated services of the board members were not recognized in the financial statements because they did not meet the criteria for recognition under FASB Codification 958-605-25-16.

S. Financial Statement Presentation

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

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions.

Note 1: Summary of Accounting Policies (Continued)

S. Financial Statement Presentation (Continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions.

T. Contributions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

U. Subsequent Events

Management has evaluated subsequent events through June 4, 2024, the date which the financial statements were available to be issued.

Note 2: Fidelity Bonds of Officials at December 31, 2023

Office	Officer	Amount of Indemnity
Treasurer	Board Treasurer	$ 25,000
Office staff	All employees	10,000

Note 3: Investment in Partnership

Southwest Guidance Center invested $65,000 into a limited liability company called BrightEHR LLC in 2015 and a final $50,000 in 2016. It is accounted for on the financial statements under the equity method of accounting. BrightEHR LLC purpose is to improve the existing electronic medical record software that is currently being used by Southwest Guidance Center and other various mental health centers. Southwest Guidance Center purchased a separate electronic medical record software and will be shutting down the BrightEHR LLC partnership.

Note 4: Summary of Grant Revenues

Funding Source	Number	Grant Period	Grant Authorized	2023	2022
State of Kansas:					
Dept. of K.D.A.D.S.	N/A	07-01-21 to 06-30-22	Various	$ -	$ 462,853
Dept. of K.D.A.D.S.	N/A	07-01-23 to 06-30-24	Various	556,646	-
Dept. of K.D.A.D.S.	N/A	07-01-22 to 06-30-23	Various	444,230	463,915
Federal Grantor:					
Department of Health and Human Services	93.958	07-01-23 to 06-30-24	Various	118,515	-
Department of Health and Human Services	93.958	07-01-22 to 06-30-23	Various	2,732	4,448
Department of Health and Human Services	93.958	01-01-23 to 12-31-23	Various	3,825	-
Department of Health and Human Services	93.778	01-01-22 to 12-31-22	Various	-	7,930
Department of Health and Human Services	93.665	01-01-22 to 12-31-22	Various	-	26,796
Department of Health and Human Services	93.665	01-01-23 to 12-31-23	Various	388,833	-
Total Grant Revenues				$1,514,781	$ 965,942

Note 5: Reconciliation of Net Income to Net Cash Provided by Operating Activities

	2023	2022
Change in Net Assets	$ (46,429)	$ 63,583
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	$ 84,424	$ 79,008
Partnership loss	449	(40)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(282,539)	(305,603)
(Increase) decrease in prepaid expenses	66	(2,119)
(Increase) decrease in restricted cash	5,325	4,512
(Decrease) increase in accounts payable	4,806	(8,267)
(Decrease) increase in accrued compensated balances	2,975	2,436
(Decrease) increase in accrued salaries	24,133	(3,174)
Total adjustments	$ (160,361)	$ (233,247)
Net Cash Provided by Operating and Non-Operating Activities	$ (206,790)	$ (169,664)

There were no material noncash investing or financing transactions during 2023 or 2022.

Note 6: Leases

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (FASB ASC 842). The ASU and all subsequently issued clarifying ASU's replaced most existing lease guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and cash flows arising from leases.

The Organization determins if an arranagement contains a lease at inception. Leases are included in operating lease right-of-use (ROU) assets and lease liabilities in the combined statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Note 6: Leases (Continued)

The adoption of FASB ASC 842 did not have a material impact on the Organization's results of operations, cash flows or debt covenants and there was no change to the net assets due to this change. As such, no additional amount or disclosures are included in the financial statements.

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2023	2022
Trust accounts for clients	-	$ 5,325

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose Restriction Accomplished:		
Trust accounts disbursements for clients	$ 5,325	$ 18,093

Net assets were received from donors with restrictions for the following purposes:

Purpose of Restrictions:		
Trust accounts receipts for clients	-	$ 13,581

Note 8: Availability of Financial Assets and Liquidity

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2023	2022
Financial assets at year end:		
Cash	$ 380,399	$ 630,467
Accounts receivable	898,371	615,832
Total	$1,278,770	$1,246,299

Note 8: Availability of Financial Assets and Liquidity (Continued)

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable are subject to implied time restrictions but are expected to be collected or realized within one year.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Schedule 1

SCHEDULE OF FUNDING FROM PARTICIPATING COUNTIES
For the years ended December 31, 2023 and 2022

	2023	2022
Seward County	$ 84,500	$ 84,500
Meade County	27,500	27,500
Haskell County	33,675	32,071
Stevens County	37,975	37,975
Totals	$183,650	$182,046

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Schedule 2

SCHEDULE OF FEDERAL AND STATE AWARDS
PSYCHOSOCIAL/CASE MANAGEMENT GRANTS
For the year ended December 31, 2023

Pass Through Grant year ended	12-31-23	12-31-23	6-30-23	6-30-24
CFDA # for Federal amount	93.778	93.696	93.958	93.958
Program/Award amount	Various	Various	Various	Various
Receipts – Actual:				
Federal amount	$ 3,825	$388,833	$ 2,732	$118,515
State amount	-	-	444,230	556,646
Total receipts	$ 3,825	$388,833	$446,962	$675,161
Disbursements, payables and accruals – Actual	(A)	(A)	(A)	(A)
Excess (deficiency) receipts over disbursements and accruals	(A)	(A)	(A)	(A)

Notes to Schedule:

Reference to (A) is that no budget or actual expenditures shown as they are not required since payment procedure is based on: prospective quarterly payments on or about July 15, October 1, January 1 and April 1 that are contingent upon receipt of scheduled program and State Aid Budget information. Program information includes Quarterly Service Grant Reports, monthly Combined Client Information System (8107) data, monthly Taxonomy of Client Services data, monthly Mental Health Reform Screening information, yearly Human Resource Development data, and required Organizational Information System information.

There were no matching requirements for these non-major grants program.

No audit findings reported.

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Schedule 3

SCHEDULE OF FEDERAL AND STATE AWARDS
PSYCHOSOCIAL/CASE MANAGEMENT GRANTS
For the year ended December 31, 2022

Pass Through Grant year ended	12-31-22	12-31-22	6-30-23	6-30-22
CFDA # for Federal amount	93.778	93.665	93.958	93.958
Program/Award amount	Various	Various	Various	Various
Receipts – Actual:				
Federal amount	$ 7,930	$ 26,796	$ 4,448	$ -
State amount	-	-	463,915	462,853
Total receipts	$ 7,930	$ 26,796	$468,363	$462,853
Disbursements, payables and accruals – Actual	(A)	(A)	(A)	(A)
Excess (deficiency) receipts over disbursements and accruals	(A)	(A)	(A)	(A)

Notes to Schedule:

Reference to (A) is that no budget or actual expenditures shown as they are not required since payment procedure is based on: prospective quarterly payments on or about July 15, October 1, January 1 and April 1 that are contingent upon receipt of scheduled program and State Aid Budget information. Program information includes Quarterly Service Grant Reports, monthly Combined Client Information System (8107) data, monthly Taxonomy of Client Services data, monthly Mental Health Reform Screening information, yearly Human Resource Development data, and required Organizational Information System information.

There were no matching requirements for these non-major grants program.

No audit findings reported.

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

Schedule 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Southwest Guidance Center.

2. No significant deficiencies were disclosed during the audit of the financial statements that would be required to be reported in the 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*. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of Southwest Guidance Center were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS

None.

SOUTHWEST GUIDANCE CENTER
Liberal, Kansas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2023

There were no audit findings in the prior years audit.