



SAN LUIS VALLEY

Behavioral Health Group

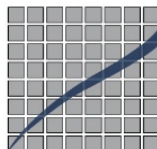
Dedicated to Hope, Healing and Recovery

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

TABLE OF CONTENTS

Independent auditor's report	i
<u>Financial statements</u>	
Consolidated statement of financial position	1
Consolidated statement of activities	2
Consolidated statement of functional expenses	3
Consolidated statement of cash flows	4
Notes to consolidated financial statements	6
<u>Supplementary information</u>	
Consolidating schedule of financial position	17
Consolidating schedule of activities	18



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

San Luis Valley Behavioral Health Group, Inc.

Alamosa, Colorado

Opinion

We have audited the accompanying consolidated financial statements of San Luis Valley Behavioral Health Group, Inc. and its members (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Luis Valley Behavioral Health Group, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of San Luis Valley Behavioral Health Group, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 San Luis Valley Behavioral Health Group, Inc.'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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 San Luis Valley Behavioral Health Group, Inc.'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 San Luis Valley Behavioral Health Group, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is 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.

DRAFT - NOT FOR DISTRIBUTION

Colorado Springs, Colorado

[Release date pending]

DRAFT

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Cash and equivalents	\$ 5,486,502
Investments	8,879,883
Government grants receivable	922,981
Other receivables	10,171
Due from Health Colorado, Inc.	38,655
Prepaid expenses and other assets	27,646
Notes receivable	1,350,000
Investment in Health Colorado, Inc.	1,085,366
Property and equipment, net	7,009,934
Total assets	<u>\$ 24,811,138</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 739,369
Deferred revenue	3,596
Total liabilities	<u>742,965</u>
Net assets:	
Without donor restrictions:	
Operating	21,795,192
Net equity in property and equipment	1,350,000
Total net assets without donor restrictions	<u>23,145,192</u>
With donor restrictions	922,981
Total net assets	<u>24,068,173</u>
Total liabilities and net assets	<u>\$ 24,811,138</u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Client service revenue	\$ 12,114,783	\$ -	\$ 12,114,783
Government grants	4,141,532	922,981	5,064,513
Contributions and other grants	279,407	-	279,407
Lease income	401,799	-	401,799
Café sales, net	78,652	-	78,652
Other income	287,817	-	287,817
Investment income, net	205,843	-	205,843
Loss on sale of assets	(89,640)	-	(89,640)
Total support and revenue	<u>17,420,193</u>	<u>922,981</u>	<u>18,343,174</u>
<u>RECLASSIFICATIONS</u>			
Net assets released from restrictions	-	-	-
<u>EXPENSES</u>			
Program services	12,906,386	-	12,906,386
General and administrative	3,087,544	-	3,087,544
Total expenses	<u>15,993,930</u>	<u>-</u>	<u>15,993,930</u>
Change in net assets	1,426,263	922,981	2,349,244
Net assets, beginning of year	21,718,929	-	21,718,929
Net assets, end of year	<u>\$ 23,145,192</u>	<u>\$ 922,981</u>	<u>\$ 24,068,173</u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	General and Administrative	Total
Salaries and wages	\$ 8,373,711	\$ 1,786,062	\$ 10,159,773
Employee benefits	1,680,556	329,021	2,009,577
Payroll taxes	606,393	125,196	731,589
Advertising and marketing	-	47,146	47,146
Client costs	273,982	-	273,982
Conferences, trainings, and meetings	58,683	29,373	88,056
Depreciation	340,498	181,646	522,144
Information technology	417,046	92,567	509,613
Insurance	28,661	56,798	85,459
Licenses, fees, and dues	114,149	16,460	130,609
Occupancy	537,084	68,233	605,317
Office	214,409	48,426	262,835
Purchased services	20,890	204,101	224,991
Travel	233,640	52,721	286,361
Other operating	6,684	49,794	56,478
Total expenses	<u>\$ 12,906,386</u>	<u>\$ 3,087,544</u>	<u>\$ 15,993,930</u>
Percentage of total expenses	<u>81%</u>	<u>19%</u>	<u>100%</u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,349,244
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	522,144
(Gain) loss on sale of assets	89,640
Net realized and unrealized (gains) losses	(150,645)
 (Increase) decrease in operating assets:	
Government grants receivable	(75,898)
Other receivables	(10,171)
Prepaid expenses and other assets	26,767
Due from Health Colorado, Inc.	85,015
 Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(166,991)
Deferred revenue	(7,207)
 Net cash flows from operating activities	<u>2,661,898</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(3,500,000)
Collections on notes receivable	80,000
Proceeds from sales of property and equipment	106,750
Purchases of property and equipment	(145,427)
 Net cash flows from investing activities	<u>(3,458,677)</u>
 Net change in cash and equivalents	(796,779)
 Cash and equivalents, beginning of year	<u>6,283,281</u>
 Cash and equivalents, end of year	<u><u>\$ 5,486,502</u></u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

**SUPPLEMENTARY DISCLOSURES OF NON-CASH INVESTING
AND FINANCING ACTIVITIES**

Proceeds from sale of property and equipment	\$ 456,750
Less: sales funded with a note receivable	<u>(350,000)</u>
Cash received for sale of property and equipment	<u><u>\$ 106,750</u></u>

The accompanying notes and independent auditor's report
should be read with these consolidated financial statements.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

1. ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

San Luis Valley Behavioral Health Group, Inc. ("Organization") is organized as a nonprofit organization under statutes of the State of Colorado. The Organization has been granted exemption from taxation under Section 501(c)(3) of the Internal Revenue Code. The Organization serves six counties in the San Luis Valley area of Colorado providing behavioral health and substance use disorder counseling and treatment services.

Principles of consolidation

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

The Organization's consolidated financial statements include the accounts of San Luis Valley Behavioral Health Group, Inc. and its subsidiaries, San Luis Mental Health Community Center, Inc. and San Luis Asset Management Corporation, after all material intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates.

Newly adopted accounting policies

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC Topic 842"), which replaces numerous requirements in US GAAP, and requires organizations to recognize lease assets and lease liabilities on the statement of financial position. On January 1, 2022, the Organization adopted the requirements of ASC Topic 842 and the amendments related thereto, and applied the new requirements to all contracts using the modified retrospective method. Upon adoption of ASC Topic 842, management determined no material adjustment of retained earnings was required. Additional disclosures required by ASC Topic 842 are presented within the notes to the consolidated financial statements.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

Cash and equivalents

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

The Organization maintains its cash and equivalents in financial institutions that, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times during the year, cash may exceed the federally insured amount. This risk is managed by maintaining deposits with high-quality financial institutions. The Organization does not anticipate nonperformance by these institutions.

Government grants receivable

Government grants receivable, all of which are due within one year, consist of promises to give and are recognized as revenue and support in the period the promises are made. Government grants receivable are stated at the amount the Organization expects to collect. The Organization considers all grants receivable to be fully collectable as of June 30, 2023.

Other receivables

Other receivables are unsecured and stated at the amount the Organization expects to collect. As of June 30, 2023, management considers other receivables to be fully collectable. Accordingly, no allowance has been recorded.

Property and equipment

All acquisitions of property and equipment in excess of \$5,000 that materially prolong the useful lives of assets are capitalized and recorded at cost, or fair value, if donated. Property and equipment are recorded at cost and depreciated over estimated useful lives using the straight-line method as follows:

Vehicles	5 years
Buildings and improvements	5 - 40 years

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

Leases

Management determines if an arrangement is a lease at inception of the arrangement. Under ASC Topic 842, the Organization elected certain practical expedients permitted under the transition guidance that allowed the Organization not to reassess: (1) whether expired or previously existing contracts are or contain leases, (2) lease classification for expired or previously existing leases, and (3) initial direct costs for expired or previously existing leases.

For leases that do not state or imply an interest rate, the Organization elected a practical expedient to use a risk-free rate based on asset composition.

The Organization elected to account for all leases with original terms of 12 months or less as short-term leases, which are expensed over the term of the lease and do not require recognition of right-of-use assets or lease liabilities. As of June 30, 2023, the Organization had no material leases with terms exceeding 12 months.

Net assets

The financial statements present information regarding the financial position and statements of activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consist of resources available for use in operations and those resources invested in property and equipment. Net assets with donor restrictions consist of resources restricted by donors as to purpose or by the passage of time. As of June 30, 2023, the Organization had \$922,981 of net assets with donor restrictions.

Client service revenue

The Organization recognizes revenue in the period it satisfies performance obligations under the contract by providing the promised services to clients in amounts that the Organization expects to be entitled to in exchange for providing client care. Revenues are recognized as performance obligations are satisfied, which varies based on the nature of services provided. The Organization's performance obligation is the delivery of client care services in accordance with the nature and frequency of services outlined in a client treatment plan as determined by a clinician based on a client's specific needs.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023

Performance obligations are determined based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total charges. This method is a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving care. The Organization measures the performance obligation through visits with the client up to the point when it is no longer required to provide services to that client.

The Organization grants credit without collateral to its clients. The healthcare services the Organization provides are often covered by third-party payors, such as Medicaid and various insurance providers. At times, clients pay all or a portion of these service costs themselves. The Organization records client service revenue at the estimated net realizable amounts the Organization expects to collect from clients and third-party payors.

The Organization has agreements with a variety of third-party payors that provide for payments at amounts different from the Organization's established rates. The services rendered to Medicaid program beneficiaries are paid at prospectively determined rates.

The Organization has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment under these agreements includes prospectively determined rates per treatment, discounts from established charges, and prospectively determined rates.

For the year ended June 30, 2023, approximately 95% of client service revenue is from participation in the state-sponsored Medicaid program.

Charity care

The Organization provides care without charge or at amounts less than established rates to clients who meet certain criteria based on the Organization's sliding fee discount program. Client service revenue is recorded net of any charity care component determined under these guidelines.

Contributions, government grants, and other grants

In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions, if applicable. Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. Contributions with donor restrictions that are met in the same reporting period as the contribution is recognized are reported as contributions without donor restrictions.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

Functional expense allocation

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Any costs that could be directly assigned to a specific function are allocated to that function. The expenses that are allocated include personnel costs, which are allocated based on an estimate of time and effort spent, and occupancy, which is allocated based on an estimate of square footage.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense for the year ended June 30, 2023 totaled \$47,146.

Income tax

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") and is not a private foundation under Section 509(a)(2) of the Code. The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with provisions of FASB ASC Topic 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions.

Subsequent events

Management has evaluated subsequent events through the date of the attached independent auditor's report, the date on which the consolidated financial statements were available to be issued.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following on June 30, 2023:

Financial assets at year end:

Cash and equivalents	\$ 5,486,502
Government grants receivable	922,981
Other receivables	10,171
Due from Health Colorado, Inc.	38,655
Current portion of notes receivable	<u>34,614</u>

Total financial assets 6,492,923

Less amounts unavailable for general expenditures
within one year due to:

Net assets with donor restrictions (922,981)

Financial assets available to meet cash needs for
general expenditures within one year

\$ 5,569,942

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

3. NOTES RECEIVABLE

During the year ended June 30, 2017, the Organization entered into a note receivable agreement with an unrelated company in the amount of \$1,250,000; payable in monthly installments of \$6,000 for both principal and interest; maturing on June 2033; and bearing interest at a rate ranging from 5.00-5.50% per annum. As of June 30, 2023, the balance outstanding on the note receivable totaled \$1,000,000.

During the year ended June 30, 2023, the Organization entered into an additional note receivable with the same unrelated company in the amount of \$350,000; payable in monthly installments of \$3,000 for both principal and interest; maturing on June 2033; and bearing interest at a rate of 5.50% per annum. As of June 30, 2023, the balance outstanding on the note receivable totaled \$350,000.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

Future maturities of the notes receivable are as follows for the years ending June 30, :

2023	\$	34,614
2024		36,567
2025		38,628
2026		40,808
2027		43,110
Thereafter		<u>1,156,273</u>
	\$	<u><u>1,350,000</u></u>

4. INVESTMENTS AND FAIR VALUE MEASUREMENT

US GAAP defines fair value and establishes a framework for measuring fair value and disclosure regarding fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value.

US GAAP describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities that are based on inputs not quoted in active markets that can be corroborated by observable market data

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

The fair value of equities, exchange traded funds, and mutual funds is based on quoted market prices and other relevant information generated by market transactions.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

The fair value of fixed income securities is based on their face values and the current interest rate environment.

Mutual funds are valued at the daily closing price as reported by the fund. The funds are open-end mutual funds that are registered with the Securities and Exchange Commission ("SEC"). These funds are required to publish their daily net asset value ("NAV") and to transact at that price.

Fair value of assets measured on a recurring basis is as follows as of June 30, 2023,:

	Level 1	Level 2	Total
Equities	\$ 4,519,277	\$ -	\$ 4,519,277
Mutual funds	105,500	-	105,500
Fixed income securities	550,000	-	550,000
Other securities	134,385	-	134,385
Total investments at fair value	<u>\$ 5,309,162</u>	<u>\$ -</u>	5,309,162
Money market funds, at cost			<u>3,570,722</u>
Total investments			<u>\$ 8,879,883</u>

Total investment income consists of the following for the year ended June 30, 2023:

Interest and dividends	\$ 258,559
Net realized and unrealized gains (losses)	<u>(107,914)</u>
	<u>\$ 150,645</u>

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2023:

Buildings	10,231,195
Vehicles	<u>757,100</u>
Gross depreciable property and equipment	10,988,295
Accumulated depreciation	<u>(5,054,521)</u>
Land	1,076,160
Property and equipment, net	<u>\$ 7,009,934</u>

Depreciation expense totaled \$522,144 for the year ended June 30, 2023.

6. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan ("Plan") covering all eligible employees. Employees may make contributions to the Plan up to the maximum allowed by the Internal Revenue Code and the Organization matches 100% of the first 5% of employee deferrals. The Organization's contributions to the Plan for the year ended June 30, 2023, totaled \$344,447.

7. INVESTMENTS IN THIRD PARTIES

The Organization utilizes the cost basis method of accounting for investments in Health Colorado, Inc. Under this method, the Organization's investments are held at historical costs. Investments consist of the following at June 30, 2023:

Health Colorado, Inc.	<u>\$ 1,085,366</u>
-----------------------	---------------------

8. NET ASSETS

Net assets with donor restrictions consist of the following as of June 30, 2023:

Government grants receivable - time restricted	<u>\$ 922,981</u>
--	-------------------

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

9. RELATED PARTY TRANSACTIONS

San Luis Valley Community Mental Health Center, Inc. leases buildings, vehicles, and equipment from San Luis Valley Asset Management Corporation. The amount of lease expense was \$359,208 for the year ended June 30, 2023. The intercompany lease income and expense has been eliminated in the consolidation.

10. CONCENTRATIONS

For the year ended June 30, 2023, approximately 64% of the Organization's revenues were the result of the contract with Health Colorado, Inc. to provide behavioral health and substance abuse services for Medicaid-eligible clients who qualify for these services.

* * * * *

See independent auditor's report.

SUPPLEMENTARY INFORMATION

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2023

	Mental Health Center	Asset Management Corp	Behavioral Health Group	Total Pre- Consolidated	Eliminations	Total Consolidated
<u>ASSETS</u>						
Cash and equivalents	\$ 3,909,038	\$ 1,577,464	\$ -	\$ 5,486,502	\$ -	\$ 5,486,502
Investments	3,000,090	5,879,793	-	8,879,883	-	8,879,883
Government grants receivable	922,981	-	-	922,981	-	922,981
Other receivables	3,983	6,188	-	10,171	-	10,171
Due from Health Colorado, Inc.	38,655	-	-	38,655	-	38,655
Due from affiliates	-	36,754	-	36,754	(36,754)	-
Prepaid expenses and other assets	4,456	23,190	-	27,646	-	27,646
Notes receivable	-	1,350,000	-	1,350,000	-	1,350,000
Investment in Health Colorado, Inc.	1,085,366	-	-	1,085,366	-	1,085,366
Property and equipment, net	-	7,009,934	-	7,009,934	-	7,009,934
Total assets	<u>\$ 8,964,569</u>	<u>\$ 15,883,323</u>	<u>\$ -</u>	<u>\$ 24,847,892</u>	<u>\$ (36,754)</u>	<u>\$ 24,811,138</u>
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities:						
Accounts payable and accrued expenses	\$ 720,347	\$ 19,022	\$ -	\$ 739,369	\$ -	\$ 739,369
Due to affiliates	36,754	-	-	36,754	(36,754)	-
Deferred revenue	-	3,596	-	3,596	-	3,596
Total liabilities	<u>757,101</u>	<u>22,618</u>	<u>-</u>	<u>779,719</u>	<u>(36,754)</u>	<u>742,965</u>
Net assets:						
Without donor restrictions:						
Operating	7,284,487	14,510,705	-	21,795,192	-	21,795,192
Net equity in property and equipment	-	1,350,000	-	1,350,000	-	1,350,000
Total net asset without donor restrictions	<u>7,284,487</u>	<u>15,860,705</u>	<u>-</u>	<u>23,145,192</u>	<u>-</u>	<u>23,145,192</u>
With donor restrictions	<u>922,981</u>	<u>-</u>	<u>-</u>	<u>922,981</u>	<u>-</u>	<u>922,981</u>
Total net assets	<u>8,207,468</u>	<u>15,860,705</u>	<u>-</u>	<u>24,068,173</u>	<u>-</u>	<u>24,068,173</u>
Total liabilities and net assets	<u>\$ 8,964,569</u>	<u>\$ 15,883,323</u>	<u>\$ -</u>	<u>\$ 24,847,892</u>	<u>\$ (36,754)</u>	<u>\$ 24,811,138</u>

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Mental Health Center	Asset Management Corp	Behavioral Health Group	Total Pre- Consolidated	Eliminations	Total Consolidated
<u>SUPPORT AND REVENUE</u>						
Client service revenue	\$ 12,114,783	\$ -	\$ -	\$ 12,114,783	\$ -	\$ 12,114,783
Government grants	5,064,513	-	-	5,064,513	-	5,064,513
Contributions and other grants	279,407	-	-	279,407	-	279,407
Lease income	-	761,008	-	761,008	(359,209)	401,799
Café sales, net	78,652	-	-	78,652	-	78,652
Other income	277,542	10,275	298,608	586,425	(298,608)	287,817
Investment income, net	6,844	198,999	-	205,843	-	205,843
Loss on sale of assets	-	(89,640)	-	(89,640)	-	(89,640)
Total support and revenue	17,821,741	880,642	298,608	19,000,991	(657,817)	18,343,174
<u>EXPENSES</u>						
Program services	12,717,931	433,297	-	13,151,228	(244,842)	12,906,386
General and administrative	2,957,804	542,715	-	3,500,519	(412,975)	3,087,544
Total expenses	15,675,735	976,012	-	16,651,747	(657,817)	15,993,930
Change in net assets	2,146,006	(95,370)	298,608	2,349,244	-	2,349,244
Net assets, beginning of year	6,061,462	15,956,075	(298,608)	21,718,929	-	21,718,929
Net assets, end of year	\$ 8,207,468	\$ 15,860,705	\$ -	\$ 24,068,173	\$ -	\$ 24,068,173

See independent auditor's report.