

**SAN LUIS VALLEY
COMMUNITY MENTAL HEALTH
CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

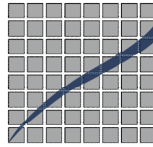
Independent auditor's report	i
------------------------------	---

Financial statements

Statements of financial position	1
Statements of activities	2
Statements of functional expenses	3
Statements of cash flows	5
Notes to financial statements	6

Federal awards

Schedule of expenditures of federal awards	14
Notes to schedule of expenditures of federal awards	15
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 <i>Government Auditing Standards</i>	17
Independent auditor's report on compliance for the major program and on internal control over compliance required by the Uniform Guidance	19
Schedule of findings and questioned costs	22



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Luis Valley Community Mental Health Center, Inc.
Alamosa, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of San Luis Valley Community Mental Health Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Luis Valley Community Mental Health Center, Inc. as of June 30, 2024 and 2023, 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 ("US GAAP").

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 the report. We are required to be independent of San Luis Valley Community Mental Health Center, Inc. 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 the financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, 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 US GAAS. In our opinion, the schedule of expenditures of federal awards 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 **DATE**, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

DRAFT ONLY, NOT FOR DISTRIBUTION

Colorado Springs, Colorado

[REPORT DATE PENDING]

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 3,784,919	\$ 3,909,038
Investments	5,108,451	3,000,090
Government grants receivable	659,898	922,981
Other receivables	6,838	3,983
Due from Health Colorado, Inc.	210,498	38,655
Prepaid expenses and other assets	10,988	4,456
Investment in Health Colorado, Inc.	1,085,366	1,085,366
Total assets	<u>\$ 10,866,958</u>	<u>\$ 8,964,569</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 764,352	\$ 720,347
Deferred revenue	540	-
Due to affiliates	46,081	36,754
Total liabilities	<u>810,973</u>	<u>757,101</u>
Net assets:		
Without donor restrictions	9,396,087	7,284,487
With donor restrictions	659,898	922,981
Total net assets	<u>10,055,985</u>	<u>8,207,468</u>
Total liabilities and net assets	<u>\$ 10,866,958</u>	<u>\$ 8,964,569</u>

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

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>						
Client service revenue	\$ 12,285,948	\$ -	\$ 12,285,948	\$ 12,114,783	\$ -	\$ 12,114,783
Government grants	4,439,892	659,898	5,099,790	4,420,939	922,981	5,343,920
Other income	328,338	-	328,338	356,194	-	356,194
Investment income, net	198,021	-	198,021	6,844	-	6,844
Total support and revenue	17,252,199	659,898	17,912,097	16,898,760	922,981	17,821,741
<u>RECLASSIFICATIONS</u>						
Net assets released from restrictions	922,981	(922,981)	-	-	-	-
<u>EXPENSES</u>						
Program services	12,867,372	-	12,867,372	12,717,929	-	12,717,929
General and administrative	3,196,208	-	3,196,208	2,957,806	-	2,957,806
Total expenses	16,063,580	-	16,063,580	15,675,735	-	15,675,735
Change in net assets	2,111,600	(263,083)	1,848,517	1,223,025	922,981	2,146,006
Net assets, beginning of year	7,284,487	922,981	8,207,468	6,061,462	-	6,061,462
Net assets, end of year	<u>\$ 9,396,087</u>	<u>\$ 659,898</u>	<u>\$ 10,055,985</u>	<u>\$ 7,284,487</u>	<u>\$ 922,981</u>	<u>\$ 8,207,468</u>

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

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	General and Administrative	Total
Salaries and wages	\$ 8,154,345	\$ 1,821,829	\$ 9,976,174
Employee benefits	1,892,172	379,324	2,271,496
Payroll taxes	622,329	134,521	756,850
Advertising and marketing	-	59,163	59,163
Client costs	143,601	-	143,601
Conferences, trainings, and meetings	59,422	42,546	101,968
Information technology	553,886	139,890	693,776
Insurance	28,518	67,206	95,724
Licenses, fees, and dues	115,618	102,668	218,286
Occupancy	686,165	92,291	778,456
Office	203,715	7,674	211,389
Purchased services	42,798	234,422	277,220
Travel	355,555	74,997	430,552
Other operating expenses	9,248	39,677	48,925
Total expenses	<u>\$ 12,867,372</u>	<u>\$ 3,196,208</u>	<u>\$ 16,063,580</u>

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

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
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
Information technology	541,155	115,068	656,223
Licenses, fees, and dues	114,149	13,745	127,894
Occupancy	636,279	72,545	708,824
Purchased services	20,890	204,101	224,991
Travel	272,697	75,292	347,989
Other operating expenses	198,117	189,630	387,747
Total expenses	<u>\$ 12,717,929</u>	<u>\$ 2,957,806</u>	<u>\$ 15,675,735</u>

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

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,848,517	\$ 2,146,006
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net realized and unrealized (gains) losses	(108,361)	(90)
(Increase) decrease in operating assets:		
Government grants receivable	263,083	(75,898)
Other receivables	(2,855)	(3,983)
Due from Health Colorado, Inc.	(171,843)	85,015
Prepaid expenses and other assets	(6,532)	13,534
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	44,005	(165,171)
Deferred revenue	540	-
Due to affiliates	9,327	(12,513)
Net cash flows from operating activities	<u>1,875,881</u>	<u>1,986,900</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	<u>(2,000,000)</u>	<u>(3,000,000)</u>
Net cash flows from investing activities	<u>(2,000,000)</u>	<u>(3,000,000)</u>
Net change in cash and equivalents	(124,119)	(1,013,100)
Cash and equivalents, beginning of year	<u>3,909,038</u>	<u>4,922,138</u>
Cash and equivalents, end of year	<u><u>\$ 3,784,919</u></u>	<u><u>\$ 3,909,038</u></u>

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

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

San Luis Valley Community Mental Health Center, 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.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of estimates

The preparation of 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.

New accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* ("ASC Topic 326"). This ASU revises how organizations account for credit losses for most financial assets. On July 1, 2023, the Organization adopted the requirements of ASC Topic 326. The adoption of ASC Topic 326 did not have a material impact on the Organization's financial statements.

Cash and equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less 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.

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Investments

Investments having a readily determinable fair value are carried at fair value. Interest and dividends are recorded on the accrual basis. Gains and losses are recognized when incurred and included in the statements of activities. Donated investments are recognized at the estimated fair value on the date of the donation.

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, 2024 and 2023.

Other receivables and allowance for credit losses

Other receivables are unsecured and stated at the amount the Organization expects to collect. As of June 30, 2024 and 2023, management considers other receivables to be fully collectable. Accordingly, no allowance for credit losses has been recorded.

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.

Client service revenue

The Organization recognizes revenue in the period in which 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 COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 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, Medicare, and commercial insurance. 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 under a weighted unit cost methodology.

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

For each of the years ended June 30, 2024 and 2023, approximately 95% of client service revenue was 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 and government 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. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Functional expense allocation

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. 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 salaries and wages, 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 years ended June 30, 2024 and 2023 totaled \$59,163 and \$47,146, respectively.

Income taxes

The Organization is exempt from income tax 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 the 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 for the Organization.

Reclassifications

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

Subsequent events

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

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 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 statement of financial position date comprise the following as of June 30,:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and equivalents	\$ 3,784,919	\$ 3,909,038
Investments	5,108,451	3,000,090
Government grants receivable	659,898	922,981
Other receivables	6,838	3,983
Due from Health Colorado, Inc.	<u>210,498</u>	<u>38,655</u>
Total financial assets	9,770,604	7,874,747
Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(659,898)</u>	<u>(922,981)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,110,706</u>	<u>\$ 6,951,766</u>

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. 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

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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 statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

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

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

	<u>2024</u>	<u>2023</u>
Fixed income securities, at fair value	\$ 5,104,523	\$ -
Money market funds, at cost	<u>3,928</u>	<u>3,000,090</u>
Total investments	<u>\$ 5,108,451</u>	<u>\$ 3,000,090</u>

Management has determined that all investments at June 30, 2024 and 2023 are classified as Level 1 according to the valuation hierarchy.

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

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 173,721	\$ 6,844
Net realized and unrealized gains (losses)	<u>24,300</u>	<u>-</u>
	<u>\$ 198,021</u>	<u>\$ 6,844</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Government grants receivable - time restricted	<u>\$ 659,898</u>	<u>\$ 922,981</u>

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

5. 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,:

	<u>2024</u>	<u>2023</u>
Health Colorado, Inc.	<u>\$ 1,085,366</u>	<u>\$ 1,085,366</u>

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 provides a safe harbor match. For the years ended June 30, 2024 and 2023, employer contributions to the Plan totaled \$360,334 and \$344,447, respectively.

7. RELATED PARTY TRANSACTIONS

The Organization leases buildings, vehicles, and equipment from San Luis Valley Asset Management Corporation, an affiliated member of San Luis Valley Behavioral Health Group, Inc. For the years ended June 30, 2024 and 2023, lease expense totaled \$408,704 and \$359,208, respectively.

8. CONCENTRATIONS

For the years ended June 30, 2024 and 2023, approximately 67% and 64% of the Organization's revenues, respectively, 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.

FEDERAL AWARDS

DRAFT

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor / Program Title / Pass Through Grantor	Federal Assistance Listing Number	Agreement Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services					
Block Grants for Community Mental Health Services					
Passed through Colorado Department of Human Services	93.958	Various	Various	\$ -	\$ 516,267
State Targeted Response to the Opioid Crisis Grants					
Passed through Signal Behavioral Health Network, Inc.	93.788			-	256,471
Marylee Allen Promoting Safe and Stable Families					
Passed through Colorado Department of Early Childhood	93.556	24 QAAA 185180		-	108,633
Block Grants for Substance Use Prevention, Treatment and Recovery Services					
Passed through Invest in Kids	93.959			-	45,000
Passed through Signal Behavioral Health Network, Inc.	93.959			-	12,529
Public Health Emergency Preparedness					
Passed through Colorado Department of Public Health and Environment	93.069	NU90TP922028		-	17,300
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
Passed through Colorado Department of Human Services	21.027	SLFRP0126		-	12,973
Rural Telemedicine Grants					
Passed through Illuminate Colorado	93.211	23G26RH49902		-	9,981
Total Department of Health and Human Services				-	979,154
Department of Housing and Urban Development					
Continuum of Care Program					
Passed through Colorado Department of Local Affairs	14.267			-	164,586
Department of Justice					
Criminal and Juvenile Justice and Mental Health Collaboration Program					
Passed through Colorado Department of Public Safety	16.745	15PBJA-21-GG-04296-MENT	2021-BH-ORS-001	-	155,080
United States Department of the Treasury					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
Passed through Invest in Kids	21.027			-	49,305
Total Expenditures of Federal Awards				\$ -	\$ 1,348,125

See independent auditor's report and notes to schedule of expenditures of federal awards.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of San Luis Valley Community Mental Health Center, Inc. ("Organization"), under programs of the federal government for the year ended June 30, 2024. 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 SEFA presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization. If the Organization is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA 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 to reimbursement.

3. INDIRECT COSTS

Unless an indirect rate was specified in the grant agreement, the Organization elected to use the 10% de minimis indirect cost rate to recover allowable indirect costs for federal grants.

4. RELATIONSHIP TO FINANCIAL STATEMENTS

The amount of total expenditures of federal awards reconciles to the revenue in the consolidated statement of activities as follows:

Total expenditures of federal awards	\$ 1,348,125
Add:	
Other government grants and expenditures of other awards not subject to Uniform Guidance	<u>3,751,665</u>
Government grants per statement of activities	<u><u>\$ 5,099,790</u></u>

5. OTHER ITEMS

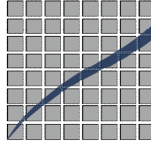
Pass-through entity identifying numbers have been included where available.

* * * * *

See independent auditor's report.

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

DRAFT



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors

San Luis Valley Community Mental Health Center, Inc.

Alamosa, Colorado

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 San Luis Valley Community Mental Health Center, Inc. ("Organization"), which comprise the statement of financial position as of June 30, 2024, 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 **REPORT DATE**.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal 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 preceding paragraph 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 or significant deficiencies. 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 the Organization'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 Report

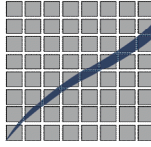
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed 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.

DRAFT - NOT FOR DISTRIBUTION

Colorado Springs, Colorado

REPORT DATE

DRAFT



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors

San Luis Valley Community Mental Health Center, Inc.

Alamosa, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited San Luis Valley Community Mental Health Center's ("Organization") 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 the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("US GAAS"); 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 the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization'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 the Organization'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 the Organization's compliance with the requirements of the 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 the Organization'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 the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type 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 consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

BiggsKofford, P.C.

Colorado Springs, Colorado

REPORT DATE

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered a material weakness? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not considered a material weakness? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? No

Identification of major program(s):

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
93.958	Block Grants for Community Mental Health Services

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? Yes

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

DRAFT