

San Luis Valley Behavioral Health Group Board Meeting

September 30, 2025, 5:00 pm

San Luis Valley Behavioral Health Board Room

Vision: To improve the quality of life for the residents of the San Luis Valley.

Mission: To provide access to quality behavioral health services that enrich lives and promote wellness. We are driven by a profound respect for human dignity and a desire to serve the unrepresented, the disenfranchised, and those who experience behavioral health distress.

Values:

Excellence

Activism

Ethical Practices

Innovation

Diversity

<u>Agenda</u> <i>*Indicates an action item/vote</i>	
Roll Call/Declaration of Quorum Pat Stanford	5:00 pm-5:01 pm
*Approval of Agenda Pat Stanford	5:01 pm-5:03 pm
*Approval of Minutes Pat Stanford	5:03 pm-5:05 pm
Audit Presentation Bret Wichert- Biggs Kofford	5:05 pm-5:35 pm
Investment Presentation Wes Ursic	5:35 pm-6:05 pm
*Finance Report Kyle Turnwall	6:05 pm-6:25 pm
Executive Committee Report Pat Stanford	6:25 pm -6:25 pm
CEO Report Victoria Romero	6:25 pm-6:40 pm
Correspondence Review Angie Gallegos	6:40 pm-6:45 pm
Other Business Victoria Romero Board Evaluation Report	6:45 pm-6:59 pm
Adjournment- Next Meeting: October 28, 2025 Pat Stanford	6:59 pm-7:00 pm

San Luis Valley Behavioral Health Group Board Meeting

August 26, 2025, 5:00 pm

San Luis Valley Behavioral Health Board Room

Vision: To improve the quality of life for the residents of the San Luis Valley.

Mission: To provide access to quality behavioral health services that enrich lives and promote wellness. We are driven by a profound respect for human dignity and a desire to serve the unrepresented, the disenfranchised, and those who experience behavioral health distress.

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Agenda <i>*Indicates an action item/vote</i>	
Roll Call/Declaration of Quorum Member Present: Pat Stanford, Mark Manzanares, George Wilkinson, Jerry Gallegos, Louise Sanchez, Olivia How, and Victoria Romero Members Excused: Laurie Rivera Staff Present: Kyle Turnwall and Angie Gallegos	5:00 pm-5:01 pm
*Approval of Agenda It was M/S by Mark Manzanares and George Wilkinson to approve the agenda as presented. Motion carried.	5:01 pm-5:03 pm
*Approval of Minutes It was M/S by George Wilkinson and Olivia to approve the annual board meeting minutes dated July 11, 2025. Motion carried.	5:03 pm-5:05 pm
*Finance Report Kyle Turnwall presented the financial statements for the months ending June 30, 2025, and July 31, 2025. He reviewed the balance sheet liquidity, operating revenue, operating expenses, the Medicaid PPS reconciliation, and the consolidated statements of operations. It was M/S by Mark Manzanares and Louise Sanchez to approve the financial statements and file them for audit. Motion carried.	5:06 pm-5:25 pm
Executive Committee Report Pat Stanford reported on the August Executive Committee Meeting. The Executive Committee's monthly meeting notes are in the Board Packet for review. The committee discussed Victoria's performance evaluation, and is looking into an AI software to help with the process.	5:25 pm -5:35 pm
CEO Report Victoria Romero gave a presentation on the CEO report. The CEO Report is in the Board Packet for review.	5:35-5:55 pm
Asset Management Corp Victoria Romero brought to the attention of the board that the designation of	5:55-6:25 pm

officers for the Asset Management board was inadvertently removed from the SLVBHG bylaws. It has been the understanding that the main board's treasurer would be the Asset Management board's chair. It was M/S by Mark Manzanares and Louise Sanchez to add to the SLVBHG bylaws that the treasurers of the SLVBHG board will be the chair of the Asset Management board. Anyone wishing to join the Asset Management board can notify Angie. Meetings are once a quarter, thirty minutes before the main board meeting.	
Correspondence Review There is no correspondence to review.	6:25-6:30 pm
Other Business Pat Stanford/Victoria Romero The board voted last year to approve a board evaluation, but no timeframe for implementation was discussed. The Executive Committee decided to ask all board members to perform this evaluation in September. Victoria will send out the evaluation form after this meeting. Forms must be returned to Angie by September 15th. Victoria will present the findings at the September board meeting.	6:30 pm-6:59 pm
Adjournment- Next Meeting: September 30, 2025 The meeting was adjourned at 6:00 pm.	6:59 pm-7:00 pm

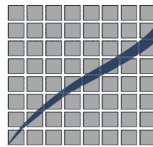
**SAN LUIS VALLEY
COMMUNITY MENTAL HEALTH
CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 opinions.

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 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 US GAAS 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 US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit.

Federal Awards

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 audits 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]

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 3,483,006	\$ 3,784,919
Investments	5,354,609	5,108,451
Government grants receivable	626,381	659,898
Other receivables	-	13,676
Due from Health Colorado, Inc.	515,382	203,660
Prepaid expenses and other assets	26,928	10,988
Investment in Health Colorado, Inc.	1,085,366	1,085,366
Property and equipment, net	91,389	-
Total assets	<u>\$ 11,183,061</u>	<u>\$ 10,866,958</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 880,180	\$ 764,352
Deferred revenue	996	540
Due to affiliates	13,498	46,081
Total liabilities	<u>894,674</u>	<u>810,973</u>
Net assets:		
Without donor restrictions:		
Operating	9,570,617	9,396,087
Equity in property and equipment, net	91,389	-
Total net assets without donor restrictions	9,662,006	9,396,087
With donor restrictions	626,381	659,898
Total net assets	<u>10,288,387</u>	<u>10,055,985</u>
Total liabilities and net assets	<u>\$ 11,183,061</u>	<u>\$ 10,866,958</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, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>						
Client service revenue	\$ 10,319,188	\$ -	\$ 10,319,188	\$ 12,285,948	\$ -	\$ 12,285,948
Government grants	3,974,668	626,381	4,601,049	4,439,892	659,898	5,099,790
Other income	601,924	-	601,924	328,338	-	328,338
Investment income, net	252,881	-	252,881	198,021	-	198,021
Total support and revenue	15,148,661	626,381	15,775,042	17,252,199	659,898	17,912,097
Net assets released from restrictions	659,898	(659,898)	-	922,981	(922,981)	-
<u>EXPENSES</u>						
Program services	12,135,970	-	12,135,970	12,867,372	-	12,867,372
General and administrative	3,406,670	-	3,406,670	3,196,208	-	3,196,208
Total expenses	15,542,640	-	15,542,640	16,063,580	-	16,063,580
Change in net assets	265,919	(33,517)	232,402	2,111,600	(263,083)	1,848,517
Net assets, beginning of year	9,396,087	659,898	10,055,985	7,284,487	922,981	8,207,468
Net assets, end of year	<u>\$ 9,662,006</u>	<u>\$ 626,381</u>	<u>\$ 10,288,387</u>	<u>\$ 9,396,087</u>	<u>\$ 659,898</u>	<u>\$ 10,055,985</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, 2025

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 7,761,985	\$ 1,822,919	\$ 9,584,904
Employee benefits	1,781,294	383,884	2,165,178
Payroll taxes	593,250	133,802	727,052
Advertising and marketing	-	97,776	97,776
Client costs	50,707	-	50,707
Conferences, trainings, and meetings	75,609	46,198	121,807
Depreciation	-	9,117	9,117
Information technology	543,246	307,775	851,021
Insurance	36,697	60,129	96,826
Licenses, fees, and dues	74,299	141,478	215,777
Occupancy	713,958	120,970	834,928
Office	104,138	25,126	129,264
Purchased services	15,588	150,747	166,335
Travel	384,482	64,471	448,953
Other operating expenses	717	42,278	42,995
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 12,135,970</u>	<u>\$ 3,406,670</u>	<u>\$ 15,542,640</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

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
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
	<u> </u>	<u> </u>	<u> </u>
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.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 232,402	\$ 1,848,517
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net realized and unrealized (gains) losses	(9,749)	(24,300)
Depreciation and amortization	9,117	-
(Increase) decrease in operating assets:		
Government grants receivable	33,517	263,083
Other receivables	13,676	(5,710)
Due from Health Colorado, Inc.	(311,722)	(168,988)
Prepaid expenses and other assets	(15,940)	(6,532)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	115,828	44,005
Deferred revenue	456	540
Due to affiliates	(32,583)	9,327
Net cash flows from operating activities	<u>35,002</u>	<u>1,959,942</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(236,409)	(2,084,061)
Purchases of property and equipment	(100,506)	-
Net cash flows from investing activities	<u>(336,915)</u>	<u>(2,084,061)</u>
Net change in cash and equivalents	(301,913)	(124,119)
Cash and equivalents, beginning of year	<u>3,784,919</u>	<u>3,909,038</u>
Cash and equivalents, end of year	<u><u>\$ 3,483,006</u></u>	<u><u>\$ 3,784,919</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, 2025 AND 2024

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 outpatient behavioral health counseling and treatment services.

Basis of accounting

The 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.

Newly adopted accounting policies

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.

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.

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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, 2025 and 2024. Accordingly, no allowance for doubtful accounts has been recorded.

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, 2025 and 2024, management considers other receivables to be fully collectable. Accordingly, no allowance for credit losses has been recorded.

Property and equipment

Acquisitions of property and equipment with an original cost of \$5,000 or greater and useful lives exceeding one year are capitalized and recorded at cost, or fair value, if donated. Property and equipment are depreciated using the straight-line method over estimated useful lives of five years.

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, those resources invested in property and equipment, and resources restricted by the board of directors as to future use. 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 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, 2025 AND 2024

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. 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 basis for payment under these agreements includes negotiated rates per service, discounts from established charges, and prospectively determined rates. 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.

For each of the years ended June 30, 2025 and 2024, 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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

Functional expenses

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, 2025 and 2024 totaled \$97,776 and \$59,163, respectively.

Income taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("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. These reclassifications had no impact on previously reported net assets or change in net assets.

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, 2025 AND 2024

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>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and equivalents	\$ 3,483,006	\$ 3,784,919
Investments	5,354,609	5,108,451
Government grants receivable	626,381	659,898
Other receivables	-	13,676
Due from Health Colorado, Inc.	<u>515,382</u>	<u>203,660</u>
Total financial assets	9,979,378	9,770,604
Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(626,381)</u>	<u>(659,898)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,352,997</u>	<u>\$ 9,110,706</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, 2025 AND 2024

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 value and the current interest rate environment.

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

	<u>2025</u>	<u>2024</u>
Fixed income securities, at fair value	\$ 5,353,624	\$ 5,104,523
Money market funds, at cost	<u>985</u>	<u>3,928</u>
Total investments	<u>\$ 5,354,609</u>	<u>\$ 5,108,451</u>

Management has determined that all investments at June 30, 2025 and 2024 are classified as Level 1 according to the valuation hierarchy.

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

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 243,132	\$ 173,721
Net realized and unrealized gains (losses)	<u>9,749</u>	<u>24,300</u>
	<u>\$ 252,881</u>	<u>\$ 198,021</u>

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

4. 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 \$1,085,366 as of June 30, 2025 and 2024.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 100,506	\$ -
Accumulated depreciation	(9,117)	-
Property and equipment, net	<u>\$ 91,389</u>	<u>\$ -</u>

Depreciation expense related to property and equipment totaled \$9,117 and \$0 for the years ended June 30, 2025 and 2024, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Government grants receivable - time restricted	<u>\$ 626,381</u>	<u>\$ 659,898</u>

7. GOVERNMENT GRANTS

The Organization received cost-reimbursable grants of \$104,055 that have not been recognized at June 30, 2025, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under the federal contracts and grants.

8. 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, 2025 and 2024, employer contributions to the Plan totaled \$371,628 and \$360,334, respectively.

See independent auditor's report.

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

9. RELATED PARTY TRANSACTIONS

The Organization pays for the use of buildings, vehicles, and equipment owned by San Luis Valley Asset Management Corporation, an affiliated member of San Luis Valley Behavioral Health Group, Inc. For the years ended June 30, 2025 and 2024, lease expense totaled \$487,087 and \$408,704, respectively.

10. CONCENTRATIONS

Cash and equivalents

The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At certain times during the year the Organization had deposits in excess of FDIC limits. This risk is managed by maintaining deposits with high-quality financial institutions. The Organization does not anticipate nonperformance by these institutions.

Government grants

For the years ended June 30, 2025 and 2024, approximately 68% and 67% of the Organization's revenues, respectively, were the result of the contract with Health Colorado, Inc. to provide behavioral health services for Medicaid eligible clients who qualify for these services.

* * * * *

See independent auditor's report.

FEDERAL AWARDS

SAN LUIS VALLEY COMMUNITY MENTAL HEALTH CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Federal Grantor / Program Title / Pass Through Grantor	Federal Assistance Listing 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	25 IBEH 189746	\$ -	\$ 185,800
Passed through Colorado Department of Human Services	93.958	1B09SM085338-01	-	92,764
Total Block Grants for Community Mental Health Services			-	278,564
State Targeted Response to the Opioid Crisis Grants				
Passed through Signal Behavioral Health Network, Inc.	93.788	N/A	-	230,030
Marylee Allen Promoting Safe and Stable Families				
Passed through Colorado Department of Early Childhood	93.556	CTGG1 2025-2773 A4	-	109,992
Block Grants for Substance Use Prevention, Treatment and Recovery Services				
Passed through Signal Behavioral Health Network, Inc.	93.959	N/A	-	12,529
Public Health Emergency Preparedness				
Passed through Colorado Department of Public Health and Environment	93.069	NU90TU000029	-	9,000
Telehealth Network Grant Program				
Passed through Illuminate Colorado	93.211	HRSA-23G26RH49902	-	3,891
Total Department of Health and Human Services			-	644,006
United States Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds				
Passed through Invest in Kids	21.027	N/A	-	59,706
Passed through Colorado Department of Human Services	21.027	25 IBEH 199053	-	57,241
Passed through Colorado Department of Human Services	21.027	ON-SC-0012	-	15,297
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds			-	132,244
Department of Justice				
Criminal and Juvenile Justice and Mental Health Collaboration Program				
Passed through Colorado Department of Public Safety	16.745	2021-BH-ORS-001	-	41,708
Department of Housing and Urban Development				
Continuum of Care Program				
Passed through Colorado Department of Local Affairs	14.267	H5COC34391	-	10,971
Passed through Colorado Department of Local Affairs	14.267	N/A	-	161,628
Total Department of Housing and Urban Development			-	172,599
Total Expenditures of Federal Awards			\$ -	\$ 990,557

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, 2025

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, 2025. 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	\$ 990,557
Add:	
Other government grants and expenditures of other awards not subject to Uniform Guidance	<u>3,610,492</u>
Government grants per statement of activities	<u><u>\$ 4,601,049</u></u>

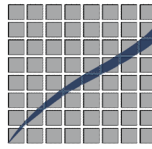
5. OTHER ITEMS

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

* * * * *

See independent auditor's report.

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



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, 2025, 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

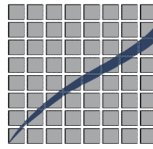
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed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

BiggsKofford, P.C.

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, 2025. 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, 2025.

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, 2025

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, 2025

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*.

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SAN LUIS VALLEY

Behavioral Health Group

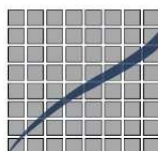
Dedicated to Hope, Healing and Recovery

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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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 (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Organization 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 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 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 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 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.

Report on Supplementary Information

Our audits were 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 audits 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

[REPORT DATE PENDING]

DRAFT

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 4,366,355	\$ 5,102,835
Investments	14,634,119	12,168,632
Government grants receivable	626,381	659,898
Other receivables	4,697	12,528
Due from Health Colorado, Inc.	515,382	210,498
Prepaid expenses and other assets	26,928	42,541
Notes receivable	1,024,876	1,241,543
Investment in Health Colorado, Inc.	1,085,366	1,085,366
Property and equipment, net	6,792,188	6,984,124
Finance lease right-of-use assets, net	417,226	432,298
Total assets	<u>\$ 29,493,518</u>	<u>\$ 27,940,263</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 889,867	\$ 772,722
Deferred revenue	3,846	1,440
Finance lease liabilities	398,635	427,286
Total liabilities	<u>1,292,348</u>	<u>1,201,448</u>
Net assets:		
Without donor restrictions:		
Operating	20,782,601	19,094,793
Net equity in property and equipment	6,792,188	6,984,124
Total net assets without donor restrictions	27,574,789	26,078,917
With donor restrictions	626,381	659,898
Total net assets	<u>28,201,170</u>	<u>26,738,815</u>
Total liabilities and net assets	<u>\$ 29,493,518</u>	<u>\$ 27,940,263</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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
Client service revenue	\$ 10,319,188	\$ -	\$ 10,319,188
Government grants	3,974,668	626,381	4,601,049
Investment income, net	1,234,549	-	1,234,549
Lease income	354,740	-	354,740
Other income	403,433	-	403,433
Gain on sale of assets	251,358	-	251,358
Total support and revenue	16,537,936	626,381	17,164,317
Net assets released from restrictions	659,898	(659,898)	-
<u>EXPENSES</u>			
Program services	12,175,869	-	12,175,869
General and administrative	3,526,093	-	3,526,093
Total expenses	15,701,962	-	15,701,962
Change in net assets	1,495,872	(33,517)	1,462,355
Net assets, beginning of year	26,078,917	659,898	26,738,815
Net assets, end of year	<u>\$ 27,574,789</u>	<u>\$ 626,381</u>	<u>\$ 28,201,170</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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUE</u>			
Client service revenue	\$ 12,285,948	\$ -	\$ 12,285,948
Government grants	4,439,892	659,898	5,099,790
Investment income, net	949,454	-	949,454
Lease income	364,872	-	364,872
Other income	121,938	-	121,938
Gain on sale of assets	110,886	-	110,886
Total support and revenue	18,272,990	659,898	18,932,888
Net assets released from restrictions	922,981	(922,981)	-
<u>EXPENSES</u>			
Program services	12,947,175	-	12,947,175
General and administrative	3,315,071	-	3,315,071
Total expenses	16,262,246	-	16,262,246
Change in net assets	2,010,744	659,898	2,670,642
Net assets, beginning of year	24,068,173	-	24,068,173
Net assets, end of year	<u>\$ 26,078,917</u>	<u>\$ 659,898</u>	<u>\$ 26,738,815</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, 2025

	Program Services	General and Administrative	Total
Salaries and wages	\$ 7,761,985	\$ 1,822,919	\$ 9,584,904
Employee benefits	1,781,294	383,884	2,165,178
Payroll taxes	593,250	133,802	727,052
Advertising and marketing	-	98,127	98,127
Client costs	50,707	-	50,707
Conferences, trainings, and meetings	75,609	46,198	121,807
Depreciation and amortization	376,896	148,982	525,878
Information technology	543,246	307,775	851,021
Insurance	36,697	60,129	96,826
Interest	50,204	-	50,204
Licenses, fees, and dues	74,299	160,393	234,692
Occupancy	494,941	102,100	597,041
Office	104,138	25,126	129,264
Purchased services	15,588	150,747	166,335
Travel	216,298	43,632	259,930
Other operating expenses	717	42,279	42,996
Total expenses	<u>\$ 12,175,869</u>	<u>\$ 3,526,093</u>	<u>\$ 15,701,962</u>
Percentage of total expenses	<u>78%</u>	<u>22%</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 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
Depreciation and amortization	374,199	116,199	490,398
Information technology	553,886	139,890	693,776
Insurance	28,518	67,206	95,724
Interest	28,756	-	28,756
Licenses, fees, and dues	115,618	102,871	218,489
Occupancy	473,035	113,730	586,765
Office	203,715	7,674	211,389
Purchased services	42,798	234,422	277,220
Travel	245,530	54,159	299,689
Other operating expenses	9,251	41,537	50,788
Total expenses	<u>\$ 12,947,175</u>	<u>\$ 3,315,071</u>	<u>\$ 16,262,246</u>
Percentage of total expenses	<u>80%</u>	<u>20%</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 STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,462,355	\$ 2,670,642
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	419,473	434,623
Amortization of finance lease right-of-use assets	106,405	55,775
(Gain) loss on sale of property and equipment	(231,977)	(110,886)
Net realized and unrealized (gains) losses	(598,037)	(439,021)
(Increase) decrease in operating assets:		
Government grants receivable	33,517	263,083
Other receivables	7,831	(2,357)
Prepaid expenses and other assets	15,613	(14,895)
Due from Health Colorado, Inc.	(304,884)	(171,843)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	117,145	33,353
Deferred revenue	2,406	(2,156)
Net cash flows from operating activities	<u>1,029,847</u>	<u>2,716,318</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(1,852,422)	(2,860,484)
Collections on notes receivable	216,667	108,457
Proceeds from sales of property and equipment	328,477	115,495
Purchases of property and equipment	<u>(324,037)</u>	<u>(413,422)</u>
Net cash flows from investing activities	<u>(1,631,315)</u>	<u>(3,049,954)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on finance lease liabilities	<u>(135,012)</u>	<u>(50,031)</u>
Net cash flows from financing activities	<u>(135,012)</u>	<u>(50,031)</u>
Net change in cash and equivalents	(736,480)	(383,667)
Cash and equivalents, beginning of year	5,102,835	5,486,502
Cash and equivalents, end of year	<u><u>\$ 4,366,355</u></u>	<u><u>\$ 5,102,835</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, 2025 AND 2024

1. ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

San Luis Valley Behavioral Health Group, Inc. 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. San Luis Valley Behavioral Health Group, Inc. serves six counties in the San Luis Valley area of Colorado providing outpatient behavioral health 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 consolidated financial statements include the accounts of San Luis Valley Behavioral Health Group, Inc. and its members, San Luis Valley Community Mental Health Center, Inc. and San Luis Valley Asset Management Corporation, after all material intercompany accounts and transactions have been eliminated.

San Luis Valley Behavioral Health Group, Inc. and its members are collectively referred to hereafter as the "Organization".

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.

Newly adopted accounting policies

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 a maturity of three months or less when purchased to be cash equivalents.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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 consolidated 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, 2025 and 2024. Accordingly, no allowance for doubtful accounts has been recorded.

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, 2025 and 2024, management considers other receivables to be fully collectable. Accordingly, no allowance for credit losses 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:

Buildings and improvements	5 - 40 years
Vehicles	5 years
Furniture and equipment	5 years

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.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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.

Net assets

The financial statements present information regarding the financial position and consolidated 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 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.

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. 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 basis for payment under these agreements includes negotiated rates per service, discounts from established charges, and prospectively determined rates. 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.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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. Contributions with donor restrictions that are met in the same reporting period as the contribution is recognized are reported as contributions without donor restrictions. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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 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 years ended June 30, 2025 and 2024 totaled \$98,127 and \$59,163, respectively.

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.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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.

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,:

	2025	2024
Financial assets at year end:		
Cash and equivalents	\$ 4,366,355	\$ 5,102,835
Investments	14,634,119	12,168,632
Government grants receivable	626,381	659,898
Other receivables	4,697	12,528
Due from Health Colorado, Inc.	515,382	210,498
Current portion of notes receivable	52,953	40,732
Total financial assets	20,199,887	18,195,123
Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	(626,381)	(659,898)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,573,506</u>	<u>\$ 17,535,225</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.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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.

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,:

	2025	2024
Equity securities	\$ 6,838,674	\$ 5,486,608
Fixed income securities	7,648,357	6,648,415
Other securities	9,878	14,337
Total investments, at fair value	14,496,909	12,149,360
Money market funds, at cost	137,210	19,272
Total investments	<u>\$ 14,634,119</u>	<u>\$ 12,168,632</u>

Management has determined that all investments at June 30, 2025 and 2024 are classified as Level 1 according to the valuation hierarchy.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 621,484	\$ 521,189
Net realized and unrealized gains (losses)	<u>613,065</u>	<u>428,265</u>
	<u>\$ 1,234,549</u>	<u>\$ 949,454</u>

4. NOTES RECEIVABLE

During the year ended June 30, 2023, the Organization entered into a note receivable agreement with an unrelated company in the amount of \$1,000,000; payable in monthly installments of \$6,000 for both principal and interest; maturing on June 1, 2033; and bearing interest at a rate of 5.50% per annum. As of June 30, 2025 and 2024, the balance outstanding on the note receivable totaled \$862,912 and \$933,336, respectively.

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 1, 2033; and bearing interest at a rate of 5.50% per annum. As of June 30, 2025 and 2024, the balance outstanding on the note receivable totaled \$161,964 and \$308,207, respectively.

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

2026	\$ 52,953
2027	55,941
2028	59,096
2029	62,430
2030	65,951
Thereafter	<u>728,505</u>
	<u>\$ 1,024,876</u>

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,:

	<u>2025</u>	<u>2024</u>
Buildings and improvements	\$ 9,939,751	\$ 9,989,507
Vehicles	171,282	590,967
Furniture and equipment	100,506	-
Gross depreciable property and equipment	10,211,539	10,580,474
Accumulated depreciation	(4,541,284)	(4,672,510)
	5,670,255	5,907,964
Work in progress	21,273	-
Land	1,100,660	1,076,160
Property and equipment, net	<u>\$ 6,792,188</u>	<u>\$ 6,984,124</u>

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$419,473 and \$434,623, respectively.

6. LEASES

The Organization leases vehicles under long-term, non-cancelable finance leases. The leases expire on various dates through May 2029. The lease agreements require monthly payments ranging from \$383 to \$1,031.

A summary of lease expense is as follows for the year ended June 30,:

<u>Finance</u>	<u>2025</u>	<u>2024</u>
Amortization of right-of-use assets	\$ 106,405	\$ 55,775
Interest on lease liabilities	50,204	28,756
Total	<u>\$ 156,609</u>	<u>\$ 84,531</u>

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Future maturities of lease liabilities are as follows for the years ending:

June 30,	
2026	\$ 148,142
2027	148,142
2028	117,739
2029	70,550
2030	<u>12,977</u>
Total minimum lease payments	497,550
Less amount representing interest	<u>(98,915)</u>
Present value of operating lease liabilities	<u><u>\$ 398,635</u></u>

Other information with respect to leases is as follows as of and for the year ended June 30,:

	<u>2025</u>	<u>2024</u>
Right-of-use assets obtained in exchange for new lease liabilities	\$ 91,333	\$ 497,316
Weighted-average remaining lease term (years)	3.47	4.26
Weighted-average discount rate	0.13%	0.13%

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Government grants receivable - time restricted	<u>\$ 626,381</u>	<u>\$ 659,898</u>

8. 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 \$1,085,366 as of June 30, 2025 and 2024.

9. LINE OF CREDIT

The Organization has a secured revolving line of credit with San Luis Valley Federal Bank in the amount of \$1,000,000, with a variable interest rate, maturing on January 6, 2031. There is no outstanding balance as of June 30, 2025 and 2024.

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

10. 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, 2025 and 2024, employer contributions to the Plan totaled \$371,628 and \$360,334, respectively.

11. RELATED PARTY TRANSACTIONS

San Luis Valley Community Mental Health Center, Inc. leases buildings, vehicles, and equipment from San Luis Valley Asset Management Corporation. For the years ended June 30, 2025 and 2024, lease expense totaled \$487,087 and \$408,705, respectively. The intercompany lease income and expense has been eliminated in the consolidation.

12. CONCENTRATIONS

Cash and equivalents

The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At certain times during the year the Organization had deposits in excess of FDIC limits. This risk is managed by maintaining deposits with high-quality financial institutions. The Organization does not anticipate nonperformance by these institutions.

Client service revenue

For the years ended June 30, 2025 and 2024, approximately 62% and 66%, respectively, of the Organization's revenues were the result of the contract with Health Colorado, Inc. to provide behavioral health services for Medicaid-eligible clients who qualify for these services.

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2025

	Mental Health Center	Asset Management Corp	Behavioral Health Group	Total Pre- Consolidated	Eliminations	Total Consolidated
<u>ASSETS</u>						
Cash and equivalents	\$ 3,483,006	\$ 883,349	\$ -	\$ 4,366,355	\$ -	\$ 4,366,355
Investments	5,354,609	9,279,510	-	14,634,119	-	14,634,119
Government grants receivable	626,381	-	-	626,381	-	626,381
Other receivables	-	4,697	-	4,697	-	4,697
Due from Health Colorado, Inc.	515,382	-	-	515,382	-	515,382
Due from affiliates	-	13,498	-	13,498	(13,498)	-
Prepaid expenses and other assets	26,928	-	-	26,928	-	26,928
Notes receivable	-	1,024,876	-	1,024,876	-	1,024,876
Investment in Health Colorado, Inc.	1,085,366	-	-	1,085,366	-	1,085,366
Property and equipment, net	91,389	6,700,799	-	6,792,188	-	6,792,188
Finance lease right-of-use assets, net	-	417,226	-	417,226	-	417,226
Total assets	\$ 11,183,061	\$ 18,323,955	\$ -	\$ 29,507,016	\$ (13,498)	\$ 29,493,518
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities:						
Accounts payable and accrued expenses	\$ 880,180	\$ 9,687	\$ -	\$ 889,867	\$ -	\$ 889,867
Due to affiliates	13,498	-	-	13,498	(13,498)	-
Deferred revenue	996	2,850	-	3,846	-	3,846
Finance lease liabilities	-	398,635	-	398,635	-	398,635
Total liabilities	894,674	411,172	-	1,305,846	(13,498)	1,292,348
Net assets:						
Without donor restrictions:						
Operating	9,570,617	11,211,984	-	20,782,601	-	20,782,601
Net equity in property and equipment	91,389	6,700,799	-	6,792,188	-	6,792,188
Total net asset without donor restrictions	9,662,006	17,912,783	-	27,574,789	-	27,574,789
With donor restrictions	626,381	-	-	626,381	-	626,381
Total net assets	10,288,387	17,912,783	-	28,201,170	-	28,201,170
Total liabilities and net assets	\$ 11,183,061	\$ 18,323,955	\$ -	\$ 29,507,016	\$ (13,498)	\$ 29,493,518

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2024

	Mental Health Center	Asset Management Corp	Behavioral Health Group	Total Pre- Consolidated	Eliminations	Total Consolidated
<u>ASSETS</u>						
Cash and equivalents	\$ 3,784,919	\$ 1,317,916	\$ -	\$ 5,102,835	\$ -	\$ 5,102,835
Investments	5,108,451	7,060,181	-	12,168,632	-	12,168,632
Government grants receivable	659,898	-	-	659,898	-	659,898
Other receivables	6,838	5,690	-	12,528	-	12,528
Due from Health Colorado, Inc.	210,498	-	-	210,498	-	210,498
Due from affiliates	-	46,081	-	46,081	(46,081)	-
Prepaid expenses and other assets	10,988	31,553	-	42,541	-	42,541
Notes receivable	-	1,241,543	-	1,241,543	-	1,241,543
Investment in Health Colorado, Inc.	1,085,366	-	-	1,085,366	-	1,085,366
Property and equipment, net	-	6,984,124	-	6,984,124	-	6,984,124
Finance lease right-of-use assets, net	-	432,298	-	432,298	-	432,298
Total assets	\$ 10,866,958	\$ 17,119,386	\$ -	\$ 27,986,344	\$ (46,081)	\$ 27,940,263
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities:						
Accounts payable and accrued expenses	\$ 764,352	\$ 8,370	\$ -	\$ 772,722	\$ -	\$ 772,722
Due to affiliates	46,081	-	-	46,081	(46,081)	-
Deferred revenue	540	900	-	1,440	-	1,440
Finance lease liabilities	-	427,286	-	427,286	-	427,286
Total liabilities	810,973	436,556	-	1,247,529	(46,081)	1,201,448
Net assets:						
Without donor restrictions:						
Operating	9,396,087	9,698,706	-	19,094,793	-	19,094,793
Net equity in property and equipment	-	6,984,124	-	6,984,124	-	6,984,124
Total net asset without donor restrictions	9,396,087	16,682,830	-	26,078,917	-	26,078,917
With donor restrictions	659,898	-	-	659,898	-	659,898
Total net assets	10,055,985	16,682,830	-	26,738,815	-	26,738,815
Total liabilities and net assets	\$ 10,866,958	\$ 17,119,386	\$ -	\$ 27,986,344	\$ (46,081)	\$ 27,940,263

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Mental Health Center	Asset Management Corp	Behavioral Health Group	Total Pre- Consolidated	Eliminations	Total Consolidated
<u>SUPPORT AND REVENUE</u>						
Client service revenue	\$ 10,319,188	\$ -	\$ -	\$ 10,319,188	\$ -	\$ 10,319,188
Government grants	4,601,049	-	-	4,601,049	-	4,601,049
Lease income	198,742	643,085	-	841,827	(487,087)	354,740
Other income	403,182	251	-	403,433	-	403,433
Investment income, net	252,881	981,668	-	1,234,549	-	1,234,549
Gain on sale of assets	-	251,358	-	251,358	-	251,358
Total support and revenue	<u>15,775,042</u>	<u>1,876,362</u>	<u>-</u>	<u>17,651,404</u>	<u>(487,087)</u>	<u>17,164,317</u>
<u>EXPENSES</u>						
Program services	12,135,970	427,100	-	12,563,070	(387,201)	12,175,869
General and administrative	3,406,670	219,309	-	3,625,979	(99,886)	3,526,093
Total expenses	<u>15,542,640</u>	<u>646,409</u>	<u>-</u>	<u>16,189,049</u>	<u>(487,087)</u>	<u>15,701,962</u>
Change in net assets	232,402	1,229,953	-	1,462,355	-	1,462,355
Net assets, beginning of year	<u>10,055,985</u>	<u>16,682,830</u>	<u>-</u>	<u>26,738,815</u>	<u>-</u>	<u>26,738,815</u>
Net assets, end of year	<u>\$ 10,288,387</u>	<u>\$ 17,912,783</u>	<u>\$ -</u>	<u>\$ 28,201,170</u>	<u>\$ -</u>	<u>\$ 28,201,170</u>

See independent auditor's report.

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Mental Health Center	Asset Management Corp	Behavioral Health Group	Total Pre- Consolidated	Eliminations	Total Consolidated
<u>SUPPORT AND REVENUE</u>						
Client service revenue	\$ 12,285,948	\$ -	\$ -	\$ 12,285,948	\$ -	\$ 12,285,948
Government grants	5,099,790	-	-	5,099,790	-	5,099,790
Lease income	207,350	566,226	-	773,576	(408,704)	364,872
Other income	120,988	950	-	121,938	-	121,938
Investment income, net	198,021	751,433	-	949,454	-	949,454
Gain on sale of assets	-	110,886	-	110,886	-	110,886
 Total support and revenue	 17,912,097	 1,429,495	 -	 19,341,592	 (408,704)	 18,932,888
<u>EXPENSES</u>						
Program services	12,867,372	406,766	-	13,274,138	(326,963)	12,947,175
General and administrative	3,196,208	200,604	-	3,396,812	(81,741)	3,315,071
 Total expenses	 16,063,580	 607,370	 -	 16,670,950	 (408,704)	 16,262,246
 Change in net assets	 1,848,517	 822,125	 -	 2,670,642	 -	 2,670,642
 Net assets, beginning of year	 8,207,468	 15,860,705	 -	 24,068,173	 -	 24,068,173
 Net assets, end of year	 <u>\$ 10,055,985</u>	 <u>\$ 16,682,830</u>	 <u>\$ -</u>	 <u>\$ 26,738,815</u>	 <u>\$ -</u>	 <u>\$ 26,738,815</u>

See independent auditor's report.



FINANCIAL REPORT

AUGUST 2025

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP
CONSOLIDATED BALANCE SHEET
AUGUST 31, 2025

	Community Mental Health Center	Asset Management Corporation	Intercompany Eliminations	Consolidated San Luis Valley Behavioral Health Group
ASSETS				
Cash	2,957,476	\$ 869,550	\$ -	\$ 3,827,026
Investments	5,391,392	9,692,524	-	15,083,916
Grants Receivable	432,114	-	-	432,114
Due From Rocky Mountain Health Plans	875,000	-	-	875,000
Interest Receivable	-	4,697	-	4,697
Intercompany Receivable	-	81,714	(81,714)	-
Prepaid Expenses and Other Assets	423,657	-	-	423,657
Notes Receivable	-	993,826	-	993,826
Investment in Health Colorado, Inc.	1,085,366	-	-	1,085,366
Right-of-Use Assets, net	-	396,764	-	396,764
Property and Equipment, net	88,039	6,754,282	-	6,842,321
TOTAL ASSETS	\$ 11,253,044	\$ 18,793,357	\$ (81,714)	\$ 29,964,687
LIABILITIES				
Accounts Payable and Accrued Expenses	1,011,422	36,880	-	1,048,302
Due to Health Colorado	80,000	-	-	80,000
Leases Payable	-	382,103	-	382,103
Intercompany Payable	81,714	-	(81,714)	-
Security Deposits	17,111	9,653	-	26,764
Deferred Revenue	724	3,400	-	4,124
TOTAL LIABILITIES	1,190,971	432,036	(81,714)	1,541,293
NET ASSETS	10,062,073	18,361,321	-	28,423,394
TOTAL LIABILITIES AND NET ASSETS	\$ 11,253,044	\$ 18,793,357	\$ (81,714)	\$ 29,964,687

San Luis Valley Behavioral Health Group
San Luis Valley Community Mental Health Center
Balance Sheet
August 31, 2025

	AMOUNT
ASSETS	
Current Assets	
Bank	
1000 - Checking - CMHC Operating	\$2,633,025.28
1015 - Cash in Bank - Credit Cards	\$261.84
1020 - Cash in Bank - Cafe	\$36,568.58
1080 - Money Market - SLV Federal Bank	\$286,510.36
1095 - Petty Cash	\$1,110.00
Total Bank	\$2,957,476.06
Accounts Receivable	
1210 - Accounts Receivable - Grants	\$432,113.82
1250 - Accounts Receivable - Other	\$795,000.00
Total Accounts Receivable	\$1,227,113.82
Other Current Asset	
1300 - Prepaid Expenses	
1310 - Prepaid Expenses - Insurance	\$149,413.09
1320 - Prepaid Expenses - Licenses	\$271,419.46
Total - 1300 - Prepaid Expenses	\$420,832.55
Total Other Current Asset	\$420,832.55
Total Current Assets	\$4,605,422.43
Fixed Assets	
1500 - Property and Equipment	\$100,505.84
1600 - Accumulated Depreciation and Amortization	(\$12,467.00)
Total Fixed Assets	\$88,038.84
Other Assets	
1800 - Investments	
1810 - Investments - LPL Financial - CMHC	\$5,391,392.20
1850 - Investment in Health Colorado Inc.	\$1,085,366.00
Total - 1800 - Investments	\$6,476,758.20
1910 - Deposits	\$2,824.47
Total Other Assets	\$6,479,582.67
Total ASSETS	\$11,173,043.94
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$97,700.75
Other Current Liability	
2110 - Accrued Payroll	\$155,452.72
2120 - Accrued Vacation Payable	\$513,062.78
2300 - Employee Benefits Payable	\$245,206.14
2590 - Deferred Revenue	\$724.00
2595 - Intercompany Payable	\$81,713.85
Total Other Current Liability	\$996,159.49
Total Current Liabilities	\$1,093,860.24
Long Term Liabilities	
2710 - Rental Security Deposits	\$17,111.00
Total Long Term Liabilities	\$17,111.00
Equity	
Retained Earnings	\$10,288,386.14
Net Income	(\$226,313.44)
Total Equity	\$10,062,072.70
Total Liabilities & Equity	\$11,173,043.94

San Luis Valley Behavioral Health Group
San Luis Valley Asset Management Corporation
Balance Sheet
August 31, 2025

	AMOUNT
ASSETS	
Current Assets	
Bank	
1010 - Checking - Asset Management Operating	\$869,549.86
Total Bank	\$869,549.86
Accounts Receivable	
1250 - Accounts Receivable - Other	\$4,697.34
Total Accounts Receivable	\$4,697.34
Other Current Asset	
1395 - Intercompany Receivable	\$81,713.85
Total Other Current Asset	\$81,713.85
Total Current Assets	\$955,961.05
Fixed Assets	
1500 - Property and Equipment	
1510 - Land	\$1,100,660.11
1520 - Buildings and Improvements	\$10,045,457.43
1540 - Vehicles	\$171,282.04
1550 - Right-of-Use Assets - Vehicles	\$588,445.36
1590 - Work In Progress	\$31,103.00
Total - 1500 - Property and Equipment	\$11,936,947.94
1600 - Accumulated Depreciation and Amortization	
1620 - Accumulated Depreciation - Buildings and Improvements	(\$4,477,233.04)
1640 - Accumulated Depreciation - Vehicles	(\$116,988.26)
1650 - Accumulated Amortization - Leased Vehicles	(\$191,681.01)
Total - 1600 - Accumulated Depreciation and Amortization	(\$4,785,902.31)
Total Fixed Assets	\$7,151,045.63
Other Assets	
1700 - Notes Receivable	
1710 - Note Receivable - ATC (2017 / 2257 Lava Lane)	\$844,693.78
1720 - Note Receivable - ATC (2261 Lava Lane)	\$149,131.99
Total - 1700 - Notes Receivable	\$993,825.77
1800 - Investments	
1820 - Investments - LPL Financial - Asset Management	\$9,692,524.34
Total - 1800 - Investments	\$9,692,524.34
Total Other Assets	\$10,686,350.11
Total ASSETS	\$18,793,356.79
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$36,879.50
Other Current Liability	
2590 - Deferred Revenue	\$3,400.00
Total Other Current Liability	\$3,400.00
Total Current Liabilities	\$40,279.50
Long Term Liabilities	
2710 - Rental Security Deposits	\$9,653.00
2750 - Lease Liability - Vehicles	\$382,103.28
Total Long Term Liabilities	\$391,756.28
Equity	
Retained Earnings	\$17,912,783.04
Net Income	\$448,537.97
Total Equity	\$18,361,321.01
Total Liabilities & Equity	\$18,793,356.79

SAN LUIS VALLEY BEHAVIORAL HEALTH GROUP
CONSOLIDATED STATEMENT OF OPERATIONS
AUGUST 31, 2025

	Community Mental Health Center	Asset Management Corporation	Intercompany Eliminations	Consolidated San Luis Valley Behavioral Health Group
REVENUE				
Client Service Revenue	\$ 1,956,259	\$ -	\$ -	\$ 1,956,259
Government Grant Income	426,660	-	-	426,660
Lease Income	30,128	111,821	(84,804)	57,145
Other Operating Income	21,118	-	-	21,118
Total REVENUE	2,434,165	111,821	(84,804)	2,461,182
EXPENSES				
Salaries and Wages	1,619,431	-	-	1,619,431
Payroll Taxes	121,928	-	-	121,928
Employee Benefits	440,309	-	-	440,309
Advertising and Marketing	6,522	-	-	6,522
Client	10,266	-	-	10,266
Conferences, Trainings and Meetings	33,424	-	-	33,424
Depreciation and Amortization	3,350	82,312	-	85,662
Information Technology	152,533	-	-	152,533
Liability Insurance	17,904	-	-	17,904
Licenses, Fees and Dues	33,750	-	-	33,750
Occupancy	126,504	9,622	(51,061)	85,065
Office Expense	24,482	-	-	24,482
Professional Fees	34,452	-	-	34,452
Travel	14,611	-	-	14,611
Vehicle Expense	55,182	-	(33,743)	21,439
Other Operating Expense	3,514	8,352	-	11,866
Total EXPENSES	2,698,162	100,286	(84,804)	2,713,644
OPERATING INCOME (LOSS)	(263,997)	11,535	-	(252,462)
OTHER INCOME (EXPENSE)				
Interest Income	901	13,950	-	14,851
Investment Income	28,055	42,879	-	70,934
Gain on Disposal of Property & Equipment	-	10,039	-	10,039
Unrealized Gain (Loss) on Investments	8,728	370,135	-	378,863
Total OTHER INCOME (EXPENSE)	37,684	437,003	-	474,687
CHANGE IN NET ASSETS	(226,313)	448,538	-	222,225
NET ASSETS - 06/30/2025	10,288,386	17,912,782	-	28,201,168
NET ASSETS - 08/31/2025	\$ 10,062,073	\$ 18,361,320	\$ -	\$ 28,423,393

San Luis Valley Behavioral Health Group
San Luis Valley Community Mental Health Center
Budget vs. Actual Statement of Operations
Current Month - August 2025

	AMOUNT	BUDGET AMOUNT	AMOUNT OVER BUDGET	% OF BUDGET
Ordinary Income/Expense				
Income				
4000 - Client Service Revenue	\$977,497.76	\$969,300.00	\$8,197.76	100.85%
4200 - Government Grant Income	\$207,878.07	\$459,750.00	(\$251,871.93)	45.22%
4400 - Contributions and Other Grant Income	\$0.00	\$2,500.00	(\$2,500.00)	0.00%
4700 - Rental Income	\$15,056.50	\$16,500.00	(\$1,443.50)	91.25%
4900 - Other Operating Income	\$12,443.57	\$6,250.00	\$6,193.57	199.10%
Total - Income	\$1,212,875.90	\$1,454,300.00	(\$241,424.10)	83.40%
Gross Profit	\$1,212,875.90	\$1,454,300.00	(\$241,424.10)	83.40%
Expense				
6200 - Salaries and Wages	\$764,576.17	\$782,000.00	(\$17,423.83)	97.77%
6300 - Payroll Taxes	\$57,627.84	\$61,615.00	(\$3,987.16)	93.53%
6400 - Employee Benefits	\$205,736.94	\$190,195.00	\$15,541.94	108.17%
7000 - Advertising and Marketing	\$3,401.73	\$3,250.00	\$151.73	104.67%
7050 - Client	\$5,996.65	\$4,500.00	\$1,496.65	133.26%
7100 - Conferences, Trainings and Meetings	\$28,033.65	\$26,750.00	\$1,283.65	104.80%
7150 - Depreciation and Amortization	\$1,675.10	\$2,500.00	(\$824.90)	67.00%
7200 - Information Technology	\$58,397.19	\$88,625.00	(\$30,227.81)	65.89%
7250 - Liability Insurance	\$8,210.33	\$9,500.00	(\$1,289.67)	86.42%
7300 - Licenses, Fees and Dues	\$7,397.63	\$11,350.00	(\$3,952.37)	65.18%
7400 - Occupancy	\$59,725.35	\$67,775.00	(\$8,049.65)	88.12%
7500 - Office Expense	\$12,647.46	\$11,450.00	\$1,197.46	110.46%
7650 - Professional Fees	\$4,452.00	\$32,100.00	(\$27,648.00)	13.87%
7700 - Travel	\$6,406.44	\$9,475.00	(\$3,068.56)	67.61%
7800 - Vehicle Expense	\$27,597.40	\$32,150.00	(\$4,552.60)	85.84%
7900 - Other Operating Expense	\$1,283.70	\$1,350.00	(\$66.30)	95.09%
Total - Expense	\$1,253,165.58	\$1,334,585.00	(\$81,419.42)	93.90%
Net Ordinary Income	(\$40,289.68)	\$119,715.00	(\$160,004.68)	-33.65%
Other Income and Expenses				
Other Income				
9000 - Other Income				
9010 - Interest Income	\$414.25	\$0.00	\$414.25	0.00%
9020 - Investment Income	\$7,916.22	\$15,500.00	(\$7,583.78)	51.07%
9030 - Unrealized Gain (Loss) on Investments	\$7,138.12	\$0.00	\$7,138.12	0.00%
Total - 9000 - Other Income	\$15,468.59	\$15,500.00	(\$31.41)	99.80%
Total - Other Income	\$15,468.59	\$15,500.00	(\$31.41)	99.80%
Net Other Income	\$15,468.59	\$15,500.00	(\$31.41)	99.80%
Net Income	(\$24,821.09)	\$135,215.00	(\$160,036.09)	-18.36%

**San Luis Valley Behavioral Health Group
San Luis Valley Community Mental Health Center
Budget vs. Actual Statement of Operations
Fiscal Year-To-Date August 31, 2025**

	AMOUNT	BUDGET AMOUNT	AMOUNT OVER BUDGET	% OF BUDGET
Ordinary Income/Expense				
Income				
4000 - Client Service Revenue	\$1,956,259.31	\$1,938,600.00	\$17,659.31	100.91%
4200 - Government Grant Income	\$426,659.59	\$669,500.00	(\$242,840.41)	63.73%
4400 - Contributions and Other Grant Income	\$0.00	\$5,000.00	(\$5,000.00)	0.00%
4700 - Rental Income	\$30,128.50	\$33,000.00	(\$2,871.50)	91.30%
4900 - Other Operating Income	\$21,117.92	\$17,500.00	\$3,617.92	120.67%
Total - Income	\$2,434,165.32	\$2,663,600.00	(\$229,434.68)	91.39%
Gross Profit	\$2,434,165.32	\$2,663,600.00	(\$229,434.68)	91.39%
Expense				
6200 - Salaries and Wages	\$1,619,431.28	\$1,564,000.00	\$55,431.28	103.54%
6300 - Payroll Taxes	\$121,928.30	\$123,230.00	(\$1,301.70)	98.94%
6400 - Employee Benefits	\$440,309.44	\$392,885.00	\$47,424.44	112.07%
7000 - Advertising and Marketing	\$6,521.95	\$7,500.00	(\$978.05)	86.96%
7050 - Client	\$10,265.64	\$9,000.00	\$1,265.64	114.06%
7100 - Conferences, Trainings and Meetings	\$33,424.17	\$36,000.00	(\$2,575.83)	92.84%
7150 - Depreciation and Amortization	\$3,350.20	\$5,000.00	(\$1,649.80)	67.00%
7200 - Information Technology	\$152,533.19	\$176,250.00	(\$23,716.81)	86.54%
7250 - Liability Insurance	\$17,903.66	\$25,000.00	(\$7,096.34)	71.61%
7300 - Licenses, Fees and Dues	\$33,750.05	\$73,200.00	(\$39,449.95)	46.11%
7400 - Occupancy	\$126,504.42	\$137,350.00	(\$10,845.58)	92.10%
7500 - Office Expense	\$24,482.20	\$24,150.00	\$332.20	101.38%
7650 - Professional Fees	\$34,452.00	\$77,200.00	(\$42,748.00)	44.63%
7700 - Travel	\$14,611.48	\$18,950.00	(\$4,338.52)	77.11%
7800 - Vehicle Expense	\$55,182.41	\$65,100.00	(\$9,917.59)	84.77%
7900 - Other Operating Expense	\$3,512.31	\$2,700.00	\$812.31	130.09%
Total - Expense	\$2,698,162.70	\$2,737,515.00	(\$39,352.30)	98.56%
Net Ordinary Income	(\$263,997.38)	(\$73,915.00)	(\$190,082.38)	357.16%
Other Income and Expenses				
Other Income				
9000 - Other Income				
9010 - Interest Income	\$900.68	\$0.00	\$900.68	0.00%
9020 - Investment Income	\$28,054.72	\$31,000.00	(\$2,945.28)	90.50%
9030 - Unrealized Gain (Loss) on Investments	\$8,728.54	\$0.00	\$8,728.54	0.00%
Total - 9000 - Other Income	\$37,683.94	\$31,000.00	\$6,683.94	121.56%
Total - Other Income	\$37,683.94	\$31,000.00	\$6,683.94	121.56%
Net Other Income	\$37,683.94	\$31,000.00	\$6,683.94	121.56%
Net Income	(\$226,313.44)	(\$42,915.00)	(\$183,398.44)	527.35%

**San Luis Valley Behavioral Health Group
San Luis Valley Asset Management Corporation
Budget vs. Actual Statement of Operations
Current Month - August 2025**

	AMOUNT	BUDGET AMOUNT	AMOUNT OVER BUDGET	% OF BUDGET
Ordinary Income/Expense				
Income				
4700 - Rental Income	\$55,392.14	\$55,500.00	(\$107.86)	99.81%
Total - Income	\$55,392.14	\$55,500.00	(\$107.86)	99.81%
Gross Profit	\$55,392.14	\$55,500.00	(\$107.86)	99.81%
Expense				
7150 - Depreciation and Amortization	\$40,978.78	\$42,750.00	(\$1,771.22)	95.86%
7400 - Occupancy	\$2,455.48	\$5,000.00	(\$2,544.52)	49.11%
7900 - Other Operating Expense	\$4,135.13	\$3,750.00	\$385.13	110.27%
Total - Expense	\$47,569.39	\$51,500.00	(\$3,930.61)	92.37%
Net Ordinary Income	\$7,822.75	\$4,000.00	\$3,822.75	195.57%
Other Income and Expenses				
Other Income				
9000 - Other Income				
9010 - Interest Income	\$9,252.82	\$4,500.00	\$4,752.82	205.62%
9020 - Investment Income	\$17,648.76	\$25,000.00	(\$7,351.24)	70.60%
9030 - Unrealized Gain (Loss) on Investments	\$160,691.84	\$0.00	\$160,691.84	0.00%
9100 - Gain (Loss) on Disposal of Property and Equipment	\$10,039.00	\$0.00	\$10,039.00	0.00%
Total - 9000 - Other Income	\$197,632.42	\$29,500.00	\$168,132.42	669.94%
Total - Other Income	\$197,632.42	\$29,500.00	\$168,132.42	669.94%
Net Other Income	\$197,632.42	\$29,500.00	\$168,132.42	669.94%
Net Income	\$205,455.17	\$33,500.00	\$171,955.17	613.30%

**San Luis Valley Behavioral Health Group
San Luis Valley Asset Management Corporation
Budget vs. Actual Statement of Operations
Fiscal Year-To-Date August 31, 2025**

	AMOUNT	BUDGET AMOUNT	AMOUNT OVER BUDGET	% OF BUDGET
Ordinary Income/Expense				
Income				
4700 - Rental Income	\$111,820.62	\$111,000.00	\$820.62	100.74%
Total - Income	\$111,820.62	\$111,000.00	\$820.62	100.74%
Gross Profit	\$111,820.62	\$111,000.00	\$820.62	100.74%
Expense				
7150 - Depreciation and Amortization	\$82,311.83	\$85,500.00	(\$3,188.17)	96.27%
7400 - Occupancy	\$9,621.82	\$16,000.00	(\$6,378.18)	60.14%
7900 - Other Operating Expense	\$8,352.33	\$7,500.00	\$852.33	111.36%
Total - Expense	\$100,285.98	\$109,000.00	(\$8,714.02)	92.01%
Net Ordinary Income	\$11,534.64	\$2,000.00	\$9,534.64	576.73%
Other Income and Expenses				
Other Income				
9000 - Other Income				
9010 - Interest Income	\$13,950.16	\$9,000.00	\$4,950.16	155.00%
9020 - Investment Income	\$42,879.21	\$50,000.00	(\$7,120.79)	85.76%
9030 - Unrealized Gain (Loss) on Investments	\$370,134.96	\$0.00	\$370,134.96	0.00%
9100 - Gain (Loss) on Disposal of Property and Equipment	\$10,039.00	\$0.00	\$10,039.00	0.00%
Total - 9000 - Other Income	\$437,003.33	\$59,000.00	\$378,003.33	740.68%
Total - Other Income	\$437,003.33	\$59,000.00	\$378,003.33	740.68%
Net Other Income	\$437,003.33	\$59,000.00	\$378,003.33	740.68%
Net Income	\$448,537.97	\$61,000.00	\$387,537.97	735.31%

San Luis Valley Behavioral Health Group
Cash Position

	09/24/25	08/20/25	Variance	06/30/25	03/31/25	12/31/24	09/30/24
Asset Mgmt Corp - Operating Cash	\$ 837,710	\$ 900,903	\$ (63,193)	\$ 883,349	\$ 1,161,222	\$ 1,466,209	\$ 1,395,331
CMHC - Operating Cash	\$ 4,119,632	\$ 2,661,181	\$ 1,458,451	\$ 3,193,411	\$ 3,377,977	\$ 3,442,412	\$ 3,967,946
Total Operating Cash	\$ 4,957,342	\$ 3,562,084	\$ 1,395,258	\$ 4,076,760	\$ 4,539,199	\$ 4,908,621	\$ 5,363,277
SLV Federal Money Market Account	\$ 286,510	\$ 286,413	\$ 97	\$ 286,316	\$ 286,030	\$ 285,749	\$ 285,461
LPL Financial - Asset Mgmt Corp	\$ 9,692,524	\$ 9,514,184	\$ 178,340	\$ 9,279,510	\$ 8,212,028	\$ 7,593,728	\$ 7,655,412
LPL Financial - CMHC	\$ 5,391,392	\$ 5,376,338	\$ 15,054	\$ 5,354,609	\$ 5,289,974	\$ 5,255,882	\$ 5,185,343
Total Long-Term Investments	\$ 15,370,426	\$ 15,176,935	\$ 193,491	\$ 14,920,435	\$ 13,788,032	\$ 13,135,359	\$ 13,126,216
Total Operating Cash / LT Investments	\$ 20,327,768	\$ 18,739,019	\$ 1,588,749	\$ 18,997,195	\$ 18,327,231	\$ 18,043,980	\$ 18,489,493
Notes Receivable - The Carrigan Group (Advantage Treatment Center)							
	Loan #1	Loan #2	Total				
Loan Amount	\$ 1,000,000	\$ 350,000	\$ 1,350,000	10 year term 06/01/2023 - 06/01/2033			
Interest Received	\$ 114,694	\$ 34,132	\$ 148,826	Interest Rate - 5.5%			
Principal Received	\$ 155,306	\$ 200,868	\$ 356,174				
Total Received	\$ 270,000	\$ 235,000	\$ 505,000				
Outstanding Loan Balance	\$ 844,694	\$ 149,132	\$ 993,826				

CEO Report

September 2025 Board Meeting

- * HCI – Health Colorado Inc
- * HCPF – Health Care Policy and Finance
- * BHA – Behavioral Health Administration
- *BHASO – Behavioral Health Administrative Service Organization
- *RAE – Regional Accountable Entity
- * DOI – Department of Insurance
- * PPS – Prospective Payment System
- * PHE – Public Health Emergency
- *CSNP – Comprehensive Safety Net Provider
- * JBC- Joint Budget Committee
- *PIAC- Program Improvement Advisory Committee
- *ARPA – American Rescue Plan Act

Health Colorado Inc. (HCI):

Michelle Vanhossler (Carelon Behavioral Health (CBH)) and I met with HCPF to discuss their request and how to fulfill it. Their request concerned the need to sustain oversight after the contract ends.

Ultimate ask – to have HCPF added to the current contract with HCI and CBH as a ‘named third-party beneficiary’ – within our subcontracted agreement.

Essentially, their stance is that it would be difficult for ‘one individual’ to hold an ‘entire organization’ accountable for delivering on the contract terms and closing out items (claims, data retention, complaints, etc.).

- This would be valuable to HCPF in the event that HCI cannot ensure something is happening, and HCPF would have a direct way to enforce and hold CBH accountable for delivery.
- This would open lines of communication and enforceability between CBH and HCPF - so HCPF, not usurping HCI, but would be able to work directly with CBH
- HCPF believes they don’t have a recourse against CBH in the event CBH fails to and/or refuses to perform contract term/provisions since the HCPF/HCI direct contract ended
 - HCI is no longer considered as a ‘functioning’ RAE within the HCPF space since it shifted into the new contract term.

- HCPF sees this as a ‘safety measure’ so that HCPF can be assured that everything is completed, and should there be a need to monitor/audit etc.

HCI shareholders meet on 9/24/2025 to discuss this request and will respond approving the request for HCPF to have direct communication with Carelon; however, we will not redo the contract.

HCI has settled Carelon's request to amend the Administrative Service Agreement (ASA), so we will not update the ASA.

I am meeting monthly with Carelon and HCPF.

I also meet biweekly with Carelon staff.

Health Care Policy and Finance (HCPF):

HCPF September Provider Association Newsletter- This month’s newsletter provides an update on state budget challenges, Medicaid cost trends, and the impact of federal mandates under H.R.1, which has created a significant budget shortfall and new administrative requirements such as semiannual redeterminations and work requirements. HCPF highlights its Medicaid Sustainability Framework, stakeholder engagement efforts, and innovations like ACC Phase III and fraud, waste, and abuse initiatives. Updates also include: Colorado’s \$4.6M CMS planning grant to support Medicaid reentry services, upcoming changes to Peer Support Professional credentialing requirements, ongoing CCBHC stakeholder engagement opportunities, and the rollout of the Colorado System of Care for youth with complex behavioral health needs. Additional resources such as the Prescriber Tool, Rural Health Transformation Program funding, and member messaging tools are also shared.

Behavioral Health Administration (BHA):

CBHC staff attended the monthly CHSM (Colorado Healthcare Strategy & Management) meeting, which, this time, featured a panel discussion with Commissioner Smith, HCPF Director Bimestefer, and Insurance Commissioner Mike Conway. The panel was moderated by Ed Sealover of the Colorado Chamber of Commerce. (CHSM convenes operations, policy, and communications professionals from across the healthcare spectrum.) Director Bimestefer was particularly vocal about for-profit hospitals’ profit margins, calling out HCA’s market cap to the clear discomfiture of the HealthONE rep in the room. She also noted the department’s Medicaid Stabilization Framework, highlighting—in choice words—the plan to reduce reimbursements for autism care in order to keep private equity-backed autism providers from cashing in on public dollars. Commissioner Conway explained the impact of HR 1 on the Connect for Health CO exchange, and noted that Congressman Hurd is working on a bill to temporarily extend enhanced premium subsidies for exchange plans. Commissioner Smith focused many of her remarks on serving priority populations. She picked up on a comment from Bimestefer that the way we spend scarce dollars in the coming years will reflect our priorities as a state. She said that ensuring our behavioral health system serves priority populations is vital. She said that what keeps her up at night is the thought that black and brown people are less likely to get care; she is also concerned about people getting care in their own communities, versus having to travel for the care they need. This was also highlighted at the CBHC conference.

CBHC Executive board members also met with BHA on September 25th to discuss the JBC (Joint Budget Committee) ask.

The Ask: BHA is requested to provide, by November 1, 2025, a line item structure aligned to current programming. The BHA is requested to work with BHASOs, comprehensive providers, and essential providers to determine a budget structure that optimizes existing resources and provides public transparency. In developing the proposed structure, the BHA should also consider the historical intent of state community mental health funding to prioritize services for individuals with serious and persistent mental illness and reflect how these priorities are addressed within the integrated behavioral health system. The report should include information to tie existing appropriations to the newly proposed structure.

To fulfill this request for information, BHA will conduct meetings throughout September 2025 to gather feedback on:

- Proposed line item structure, including combining MH/SUD funding streams
- Accompanying reporting that supports public transparency
- Future considerations, including funding streams/statutory requirements for which line item consolidation alone does not fully achieve desired optimization

Considerations related to priority populations

Colorado Behavioral Health Council (CBHC):

HCPF has signaled that cost containment strategies will be a major area of focus moving forward, given the passage of HR1 and the resulting state fiscal picture. Given this, CBHC is launching a **Cost Containment Working Group** to begin thinking ahead about possible approaches, tools, and considerations. The goal is to ensure that CBHC members are well-prepared to contribute proactively and constructively to the state's process, rather than only reacting to finalized proposals.

This working group will build on the foundation of the PPS working group, bringing that same level of expertise and thought partnership to this next effort. Jennifer Siva, Kyle Turnwall, and I will participate in the work group.

CBHC and HCPF have resumed monthly meetings to strengthen relationship and partnership opportunities. The executive committee has been invited to attend these meetings. The intent is to frame our work together around collaboration, productive partnership, and understanding HCPF's hopes/needs for the Medicaid Sustainability Framework, etc. Explore how CBHC can serve as a positive thought partner in this important work during challenging times.

Southern Colorado Health Network (SCHN):

We will meet with Patrick Gordon (Rocky Mountain Health Plans RAE) on October 7th and 8th for further discussion with SCHN (and other interested partners) we had a pre-meeting with Rocky staff on September 19th regarding possible Prime expansions in Southern Colorado. This meeting aims to ground partners in the key aspects of Prime (e.g., primary care APM, advantages for FQs, shared savings & reinvestment, RHIP, integrated PH-BH financing opportunities, and SDP/HTP alternatives for hospitals).

- HR Report on recruiting and Retention – Report only
- Annual Report for FY 2025 will be reviewed in October. I am making final edits.

Sponsorships:

Boys and Girls Club of SLV

Previous sponsorships:

Tu Casa Starry Night Ball

Leadership Connections/Meetings:

- | | |
|---|---|
| • Federal update and contingency Planning | • CBHC CEO's meeting |
| • Jania Arnoldi | • Clarissa Espinoza CRP |
| • State PIAC meetings | • HCPF/CBHC meeting |
| • SLV Region 18 Opioid Governance | • Region 1 Meeting |
| • Patrick Gordon | • Adams State University (Leova Mascarenas) |
| • SLV IOG (interagency oversight) | |

Upcoming Time Off/Travel:

October 2nd -3rd & 6th off

October 14th – 17th Netsmart Conference



HUMAN RESOURCE PLANNING

September 2025



Visit Our Website

slvbhg.org

Human Resources

In support of SLVHG's mission, vision, and values, it is the mission of human resources to support the entire organization in meeting its goals through its most valuable resource – its PEOPLE.

- **Develop** an attitude of teamwork.
- **Create** an atmosphere that fosters challenges, fun, and safety.
- **Seize** opportunities that demonstrate excellent execution, a caring attitude and a sense of urgency.
- **Reduce** repetition and waste by aiming for continuous improvement.
- **Commit** to being open, equitable and consistent in our pursuit of quality.
- **Increase** participation in SLVBHG and community activities while seeking for a improved quality of life for ourselves, our co-workers and the community.
- **Respect** employee values that may be different from our own.
- **Accept** responsibility for promoting ethical and legal conduct in business practices while accepting responsibility for our own actions.
- **Communicate** openly and fairly with the diverse workforce that powers SLVBHG's success.



Enhance Recruitment & Hiring

Evolve to

Objective : Attract & hire talent to meet organizational need

- a. Achieve a 95% satisfaction rate among new hires during their onboarding process.*
- b. Move recruiting efforts to ApplicantPro.*
- c. Achieve 95% compliance with skills hiring process with hiring managers.*
- d. Increase the percentage of interview forms completed and turned in to HR to 95%.*

COMPLETE

Retention and Quality

Objective : Attract & hire talent to meet organizational need

- a. Quality of Hire Index: Achieve 80% of new hires meeting or exceeding performance expectations in the first 6 months. (both internal & external candidates)*
- b. Time - to - Fill: Reduce average time - to - fill key roles by 15% compared to FY 2024 baseline.*
- c. Internal Mobility Rate: Fill at lease 20% of open positions with internal candidates by 2026.*

KPI's

Drive Employee Engagement

Modify

Objective : Foster a culture of high employee engagement & recognition .

- a. **Implement** a revised Employee Recognition Program to achieve a 20% participation rate. (Angie has completed this)*
- b. **Reduce** employee turnover by 5% within six months.*
- c. **Build** better relationships with employees by visiting with each person in each office 3 - 4 times per year.*

Partially Complete

Drive Employee Engagement

Objective : Foster a culture of high employee engagement & recognition .

- a. **Implement** a revised Employee Recognition Program to achieve a 20% participation rate.*
 - 1. **Increase** participation rate to 25% by June 2026.*
- b. **Reduce** employee turnover by 5% within six months.*
 - January 2024 to October 2024 = 21.3%*
 - October 2024 to April 2025 = 5.4%*
 - April 2025 to August 2025 = 6.8%*
 - 1. **Maintain** turnover rate to be less than 25%.*
- c. **Build** better relationships with employees by visiting with each person in each office 3 - 4 times per year.*
 - 1. **Continue** to visit with employees at same rate.*
- d. **Promote** the #whyiworkhere campaign to speak with all employees willing to participate by December 2025.*

KPI's

Enhance Learning & Development

Modify

Objective : Support employee growth and development through compliant and effective learning processes .

- a. **Increase** the training participation rate to 95% by end of quarter 3.*
- b. **Design** Relias report for supervisors to monitor employee participation. Aim for 95% of supervisors to use report by end of quarter 3.*

Partially Complete

Enhance Learning & Development

Objective : Support employee growth and development through compliant and effective learning processes .

- a. **Increase** the training participation rate to 95% by end of quarter 3.*
 - 1. **Maintain** participation rate. It was 100% by January, 2025.*
- b. **Design** Relias report for supervisors to monitor employee participation. Aim for 95% of supervisors to use report by end of quarter 3.*
 - 1. **Supervisors** have access to heirarchy of their team.*
 - 2. **Add** any other reports needed.*
- c. **Formed** Training Group for review of training in each discipline.*
 - 1. **Continue** to review if any changes are needed.*

KPI's

Drive Diversity & Inclusion Efforts

Modify

Objective : Foster an inclusive and diverse workforce that ties to the organizational values and reflects community make-up.

a. Develop one diversity and inclusion strategy with measurable goals.

Partially Complete



Drive Diversity & Inclusion Efforts

Objective : Foster an inclusive and diverse workforce that ties to the organizational values and reflects community make-up.

a. Develop one diversity and inclusion strategy with measurable goals.

b. Serve on JEDI (Justice, Equity, Diversity, & Inclusion) Committee

1. Survey staff and work on committee to develop strategy and goals. (This has been completed)

KPI's

Improve Employee Satisfaction

Objective : Enhance overall employee satisfaction with HR services and support .



Implement one HR service delivery system that ensures timely and effective response to employee inquiries.



Enhance three HR communication channels to provide transparent and available information to employees.



Conduct three employee satisfaction interviews and track improvements.

Partially Complete



Implemented

E-mail workflow with three levels . Employees can send an inquiry to HR directly and someone will answer within a 2-hour time frame



Enhanced

Communication channels include : Newsletter, Paylocity Community and email .



Conduct

Survey one completed December 2024 , Survey two planned for December 2025 and three during Energage Survey .



Next Steps

Regularly share employee 30, 60 and 90 day surveys with C- Suite and monitor that 90 % of employees receive requested information in 2 hours .



Enhance HR Analytics and Reporting

Objective : Leverage HR data to drive decisions and insights .

Current Reports :

- Turnover Data including reasons
- Headcount
- Generation makeup
- Ethnicity makeup
- Gender makeup
- Pay type
- FMLA/FAMLI Costs

Predictive Insights :

- Turnover Prediction Model
- Workforce Planning
- Cost per hire
- Diversity Dashboards

Meet Our Human Resource Team



Toni Martin, CHRO

SHRM-SCP, SPHR, CEAS

Toni has been with the agency for 31 years and is senior certified from two different institutes. She oversees the HR Assistants as well as the Cafe. Toni has a passion for change and for serving people. Human Resources is a place she is truly happy.



Adam Vasquez,

HR Assistant II

PHR

Adam has been with the agency for almost 27 years. He is certified from HRCI (Human Resources Certification Institute). He is our benefit specialist as well as FMLA/FAMLI specialist.



Torie Parks,

HR Assistant I

aPHR

Torie has been with the agency 5.5 years. She holds a junior PHR certificate from HRCI (Human Resources Certification Institute). She is our onboarding specialist as well as our administrative support for all things HR.

Thank You



San Luis Valley Community Mental Health Center Board Meeting

September 30, 2025

Vision: To improve the quality of life for the residents of the San Luis Valley.

Mission: To provide access to quality behavioral health services that enrich lives and promote wellness. We are driven by a profound respect for human dignity and a desire to serve the underrepresented, the disenfranchised, and those who experience behavioral distress.

Values:

Excellence

Activism

Ethical Practices

Innovation

Diversity

***indicates an action item/vote**

- 1) Roll Call/Declaration of Quorum
- 2) *Approval of Agenda
- 3) *Approval of Minutes
- 4) Correspondence Review
- 5) Other Business
- 6) Next Meeting- October 28, 2025
- 7) Adjournment

San Luis Valley Community Mental Health Center

August 26, 2025

SLVBHG Board
Room

Member Present: Pat Stanford, Mark Manzanares, George Wilkinson, Jerry Gallegos, Louise Sanchez, Olivia How, and Victoria Romero

Members Excused: Laurie Rivera

Staff Present: Kyle Turnwall and Angie Gallegos

1. Roll Call/Declaration of Quorum

2. Approval of Agenda

It was M/S by Olivia How and George Wilkinson to approve the agenda as presented. Motion carried.

3. Approval of Minutes

It was M/S by George Wilkinson and Mark Manzanares to approve the minutes dated June 24, 2025. Motion carried.

4. Correspondence Review

There was no correspondence to review.

5. Other Business

There was no other business to discuss.

6. Next Meeting

The next meeting date is September 30, 2025.

7. Adjournment

The meeting was adjourned at 6:02 pm.