

**SOUTHWEST ARKANSAS COUNSELING AND  
MENTAL HEALTH CENTER, INC.**

**FINANCIAL STATEMENTS AND SUPPLEMENTAL  
INFORMATION**

**JUNE 30, 2015 AND 2014**

**(WITH INDEPENDENT AUDITORS' REPORTS THEREON)**

**Southwest Arkansas Counseling and  
Mental Health Center, Inc.  
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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Southwest Arkansas Counseling and Mental Health Center, Inc.  
Texarkana, Arkansas

**Report on the Financial Statements**

We have audited the accompanying financial statements of Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, cash flows, program costs (by cost center), mental health program costs (by program) for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Arkansas Counseling and Mental Health Center, Inc. as of June 30, 2015 and 2014, and the changes in its net assets, cash flows, program costs (by cost center) and mental health program costs (by program) for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Southwest Arkansas Counseling and Mental Health Center, Inc.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, combining statement of financial position, combining statement of activities by program, schedules of revenues and expenses, and schedules of revenues, expenses and units of service as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Arkansas Department of Human Services, *Audit Guidelines*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2015, on our consideration of Southwest Arkansas Counseling and Mental Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Arkansas Counseling and Mental Health Center, Inc.'s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
September 4, 2015

***FINANCIAL STATEMENTS***



***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

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**Statements of Financial Position**

**June 30,**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,717,646	\$ 1,261,456
Investments - Other	-	1,201,701
Accounts Receivable, Net	619,536	893,036
Prepaid Expenses	26,444	33,079
Accrued Interest and Other	350	350
Land, Buildings and Equipment - Net	<u>1,774,255</u>	<u>1,908,266</u>
<b>Total Assets</b>	<u>5,138,231</u>	<u>5,297,888</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	137,166	127,971
Due to Medicaid	-	138,001
Due to Related Party	52,052	12,753
Accrued Payroll Items	795,043	802,314
Leases Payable	11,743	30,767
Deferred Revenue	<u>27,277</u>	<u>-</u>
<b>Total Liabilities</b>	<u>1,023,281</u>	<u>1,111,806</u>
<b>Net Assets</b>		
Unrestricted	4,063,924	4,165,813
Temporarily Restricted	<u>51,026</u>	<u>20,269</u>
<b>Total Net Assets</b>	<u>4,114,950</u>	<u>4,186,082</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 5,138,231</u>	<u>\$ 5,297,888</u>

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



***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

**Statements of Activities  
Years Ended June 30,**

	<u>2015</u>	<u>2014</u>
<b>Changes in Unrestricted Net Assets:</b>		
<b>Unrestricted Revenues and Other Support:</b>		
Service Fees	\$ 10,975,674	\$ 11,530,710
Less: Charitable Allowances	(83,134)	(165,282)
Service Fees - Net	10,892,540	11,365,428
Investment Income	13,761	8,244
Gain on Disposal of Fixed Assets	5,470	-
Rental Income	43,821	50,341
Other	169,517	99,069
<b>Total Unrestricted Revenues</b>	<u>11,125,109</u>	<u>11,523,082</u>
<b>Net Assets Released from Restrictions:</b>		
Satisfaction of Program Restrictions	898,539	871,585
Expiration of Time Restrictions	23,832	16,259
<b>Total Net Assets Released from Restrictions</b>	<u>922,372</u>	<u>887,844</u>
<b>Total Unrestricted Revenues and Other Support</b>	<u>12,047,481</u>	<u>12,410,926</u>
<b>Expenses:</b>		
<b>Program Services:</b>		
Mental Health	5,099,689	5,709,978
Split Rail Mental Health Treatment Program	2,428,728	2,406,524
Horizon Mental Health Treatment Program	1,697,866	1,807,464
Youth Services	936,373	875,025
Foster Care	549,525	549,981
Acute Care	80,650	130,110
Substance Abuse	560,375	518,275
River Ridge Treatment Program	593,867	586,962
County Heights	176,547	160,084
Thrive	25,750	104,839
<b>Total Program Services</b>	<u>12,149,370</u>	<u>12,849,242</u>
<b>Decrease in Unrestricted Net Assets</b>	<u>(101,889)</u>	<u>(438,316)</u>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Federal, State and Local Grants	953,129	871,585
Net Assets Released from Restrictions	(922,372)	(887,844)
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>	<u>30,757</u>	<u>(16,259)</u>
<b>Decrease in Net Assets</b>	(71,132)	(454,575)
<b>Net Assets - Beginning of Year</b>	<u>4,186,082</u>	<u>4,640,657</u>
<b>Net Assets - End of Year</b>	<u>\$ 4,114,950</u>	<u>\$ 4,186,082</u>

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

***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

**Statements of Cash Flows  
Years Ended June 30,**

	<u>2015</u>	<u>2014</u>
<b>Increase in Cash Equivalents:</b>		
<b>Cash Flows from Operating Activities:</b>		
Cash Received for Services Provided	\$ 12,296,428	\$ 12,414,467
Cash Paid to Employees and Suppliers	(11,983,951)	(12,497,860)
Interest Paid	(2,330)	(3,261)
Interest Received	13,757	8,240
Net Cash Provided (Used) by Operating Activities	<u>323,904</u>	<u>(78,414)</u>
<b>Cash Flows from Investing Activities:</b>		
Sale of Property and Equipment	11,631	-
Sale of Certificates of Deposit	1,201,701	400,000
Capital Expenditures	(62,022)	(100,591)
Net Cash Provided by Investing Activities	<u>1,151,310</u>	<u>299,409</u>
<b>Cash Flows from Financing Activities:</b>		
Payments on Lease Agreements	(19,024)	(17,817)
Net Cash Used by Financing Activities	<u>(19,024)</u>	<u>(17,817)</u>
Net Increase in Cash and Cash Equivalents	1,456,190	203,178
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,261,456</u>	<u>1,058,278</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>2,717,646</u></u>	<u><u>1,261,456</u></u>
<b>Reconciliation of Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Decrease in Net Assets	(71,132)	(454,575)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	253,227	244,655
Non Cash Contribution of Equipment	(63,357)	-
Gain on Disposal of Fixed Assets	(5,470)	-
Bad Debts	930,191	1,252,296
Charitable Allowance	83,134	165,282
<b>Changes in Assets and Liabilities:</b>		
(Increase) Decrease in Accounts Receivable	(739,826)	(1,394,199)
(Increase) Decrease in Prepaid Expense	6,635	(3,927)
Increase (Decrease) in Deferred Revenues	27,277	-
Increase (Decrease) in Accounts Payable	9,195	(15,486)
Increase (Decrease) in Contingent Liability	(138,001)	138,001
Increase (Decrease) in Due to Related Party	39,299	61,703
Increase (Decrease) in Accrued Payroll Items	(7,268)	(72,164)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 323,904</u></u>	<u><u>\$ (78,414)</u></u>

**NONCASH INVESTING ACTIVITIES:**

In 2015, grants were received in the amount of \$63,357 from the Arkansas Highway and Transportation Department for the purchase of vans.

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

# SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, I NC.

Statement of Program Costs (By Cost Center)  
Year Ended June 30, 2015

Cost Category	Mental Health	Split Rail Mental Health Treatment Program	Horizon Mental Health Treatment Program	Youth Services	Foster Care	Acute Care	Substance Abuse	River Ridge	County Heights	Thrive	Total Costs
Acute Care	\$ -	\$ 4,140	\$ -	\$ -	\$ -	\$ 80,650	\$ -	\$ -	\$ -	\$ -	\$ 84,790
Auto Expense	3,449	7,095	7,387	3,352	-	-	-	799	1,472	-	23,554
Bad Debt Expense	399,391	172,357	304,962	137	-	-	22,721	30,623	-	-	930,191
Board Expense	9,241	-	-	-	-	-	-	-	-	-	9,241
Client Medical Expense	-	22,090	27,266	-	-	-	-	-	-	-	49,356
Client Services	93	-	-	-	-	-	-	33	-	-	126
Clinical Expense	3,610	735	1,113	659	-	-	-	1,165	-	-	7,282
Conference and Registration	6,401	645	106	330	965	-	175	590	-	-	9,712
Data Processing Expense	112,158	-	-	-	-	-	-	-	-	-	112,158
Depreciation	194,360	7,563	11,462	386	-	-	1,785	23,079	14,592	-	253,227
Drug Expense	1,267	8,208	4,079	1,235	-	-	2,710	1,611	16	-	18,526
Dues and Publications	33,699	1,067	1,332	2,425	567	-	19	168	161	-	39,438
Food	30,811	22,334	29,832	773	625	-	1,063	49,644	134	223	135,439
Fringe Benefits	542,199	226,832	197,215	135,345	35,084	-	78,451	59,947	21,699	4,640	1,301,412
Insurance	72,793	25,540	14,684	10,031	1,699	-	2,465	13,634	2,411	179	143,436
Interest	1,740	587	2	-	-	-	-	-	-	-	2,329
Janitorial Services and Supplies	75,697	16,750	14,944	325	-	-	376	15,097	5,064	87	128,340
Joint-Venture Disbursement	-	200,676	-	-	-	-	-	-	-	-	200,676
Legal and Accounting Fees	33,356	11,993	8,132	2,383	89	-	1,692	1,304	291	88	59,328
Miscellaneous	140,074	1,563	798	668	14,851	-	211	214	197	179	158,755
Office Supplies	19,128	2,314	2,875	2,933	677	-	2,867	1,825	1,029	25	33,673
Other Purchased Services	373,907	115,164	74,519	120,755	332,907	-	88	50,229	-	29	1,067,598
Postage	26,404	308	1,077	325	52	-	800	70	-	-	29,236
Printing and Reproduction	314	-	-	-	-	-	-	-	-	-	314
Recreation and Re-socialization Expense	4,201	4,125	2,874	1,286	2,217	-	-	1,164	4,065	209	20,141
Recruitment and Training	16,435	428	353	206	-	-	1,050	8,696	64	-	27,232
Rent-Lease Payments	30,734	450	757	13,016	-	-	24,780	2,145	-	400	72,482
Repairs and Maintenance	42,826	4,385	2,580	1,838	-	-	634	14,949	911	-	68,123
Salaries	2,469,366	1,383,009	868,701	572,631	127,862	-	390,584	273,761	106,169	17,816	6,209,899
Small Furniture and Appliances	15,024	1,588	122	900	-	-	498	498	846	-	19,476
Telephone	311,911	125,277	73,043	32,655	1,925	-	6,933	12,602	5,474	1,130	570,950
Travel	80,894	2,486	10,647	23,377	30,005	-	18,751	5,985	5,116	745	178,006
Utilities	48,206	59,019	37,004	7,702	-	-	1,722	24,435	6,836	-	184,924
<b>Total Program Costs</b>	<b>\$ 5,099,689</b>	<b>\$ 2,428,728</b>	<b>\$ 1,697,866</b>	<b>\$ 936,373</b>	<b>\$ 549,525</b>	<b>\$ 80,650</b>	<b>\$ 560,375</b>	<b>\$ 593,867</b>	<b>\$ 176,547</b>	<b>\$ 25,750</b>	<b>\$ 12,149,370</b>

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

# SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.

Statement of Program Costs (By Cost Center)  
Year Ended June 30, 2014

Cost Category	Mental Health	Split Rail Mental Health Treatment Program	Horizon Mental Health Treatment Program	Youth Services	Foster Care	Acute Care	Substance Abuse	River Bridge	County Heights	Thrive	Total Costs
Acute Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,110	-	\$ -	\$ -	\$ -	\$ 130,110
Auto Expense	5,531	9,840	16,604	5,668	-	-	-	707	496	-	38,846
Bad Debt Expense	667,010	189,317	313,334	203	-	-	32,620	49,812	-	-	1,252,296
Board Expense	7,817	-	-	-	-	-	-	-	-	-	7,817
Client Medical Expense	-	28,829	64,670	-	8	-	-	4	-	-	93,511
Client Services	23,700	14,785	11,999	-	-	-	-	25	-	-	50,509
Clinical Expense	2,202	378	378	-	-	-	-	5	-	-	2,963
Conference and Registration	10,078	1,637	702	160	150	-	544	815	368	9	14,463
Data Processing Expense	104,163	-	-	-	-	-	-	-	-	-	104,163
Depreciation	183,983	15,752	16,437	386	-	-	-	17,905	9,949	243	244,655
Drug Expense	283	15,721	11,974	1,319	-	-	2,527	891	54	-	32,769
Equipment	24,496	723	403	2,424	570	-	14	-	111	55	28,796
Dues and Publications	39,817	28,771	42,622	282	1,030	-	887	47,744	36	523	161,712
Food	600,074	248,139	207,187	124,253	31,739	-	68,074	70,854	19,918	21,108	1,391,346
Fringe Benefits	77,180	25,134	14,404	9,540	1,870	-	2,385	13,722	2,389	591	147,215
Insurance	2,141	954	165	-	-	-	-	-	-	-	3,260
Interest	74,595	18,907	12,287	447	-	-	809	14,415	4,322	373	126,155
Janitorial Services and Supplies	-	162,772	-	-	-	-	-	-	-	-	162,772
Joint-Venture Disbursement	-	13,442	8,987	2,573	(268)	-	1,160	1,443	194	211	45,947
Legal and Accounting Fees	18,205	1,712	566	717	14,000	-	697	604	229	(315)	211,889
Miscellaneous	193,679	1,997	1,869	4,722	710	-	4,307	1,591	530	1,041	36,364
Office Supplies	19,597	80,843	46,391	85,356	336,808	-	150	26,210	-	829	902,119
Other Purchased Services	325,532	487	761	823	-	-	1,462	94	-	20	31,784
Postage	28,137	-	-	-	-	-	-	-	-	210	210
Printing and Reproduction	7,539	3,090	2,353	1,379	2,058	-	-	1,209	3,345	302	21,275
Recruitment and Training	18,318	2,140	1,045	637	723	-	1,068	2,637	34	1,090	27,692
Ren-Lease Payments	27,905	600	694	11,999	-	-	21,355	2,275	-	2,300	67,128
Repairs and Maintenance	31,494	8,808	2,002	1,566	-	-	421	13,959	2,835	-	61,085
Salaries	2,752,356	1,343,268	913,214	564,330	123,371	-	346,594	277,438	97,176	69,104	6,486,851
Small Furniture and Appliances	5,136	169	374	594	6	-	695	706	-	240	7,920
Telephone	298,458	123,693	68,105	29,572	1,733	-	10,991	12,811	5,345	3,415	554,123
Travel	113,493	4,900	11,516	19,477	35,473	-	20,060	4,306	5,169	3,490	217,884
Utilities	47,059	59,716	36,421	6,598	-	-	1,455	24,780	7,584	-	183,613
<b>Total Program Costs</b>	<b>\$ 5,709,978</b>	<b>\$ 2,406,534</b>	<b>\$ 1,807,464</b>	<b>\$ 875,025</b>	<b>\$ 549,981</b>	<b>\$ 130,110</b>	<b>\$ 518,275</b>	<b>\$ 586,562</b>	<b>\$ 160,084</b>	<b>\$ 104,839</b>	<b>\$ 12,849,242</b>

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

# SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.

Statement of Mental Health Program Costs (By Program)  
Year Ended June 30, 2015

Cost Category	Total Mental Health Costs	Outpatient	Rehabilitative Day Services	Emergency
Auto Expense	3,449	3,328	112	9
Bad Debt Expense	399,391	385,372	12,980	1,039
Board Expense	9,241	8,917	300	24
Client Services	93	90	3	-
Clinical Expense	3,610	3,483	117	10
Conference and Registration	6,401	6,176	208	17
Data Processing	112,158	108,221	3,645	292
Depreciation	194,360	187,538	6,317	505
Drug Expense	1,267	1,223	41	3
Dues and Publications	33,699	32,516	1,095	88
Food	30,811	29,730	1,001	80
Fringe Benefits	542,199	523,168	17,621	1,410
Insurance	72,793	70,238	2,366	189
Interest	1,740	1,679	57	4
Janitorial Services and Supplies	75,697	73,040	2,460	197
Legal and Accounting Fees	33,356	32,185	1,084	87
Miscellaneous	140,074	135,157	4,552	365
Office Supplies	19,128	18,457	622	49
Other Purchased Services	373,907	360,783	12,152	972
Postage	26,404	25,477	858	69
Printing and Reproduction	314	303	10	1
Recreation and Re-socialization	4,201	4,054	137	10
Recruitment and Training	16,435	15,858	534	43
Rent-Lease Payments	30,734	29,655	999	80
Repairs and Maintenance	42,826	41,323	1,392	111
Salaries	2,469,366	2,382,691	80,254	6,421
Small Furniture and Appliances	15,024	14,497	488	39
Telephone	311,911	300,963	10,137	811
Travel	80,894	78,055	2,629	210
Utilities	48,206	46,514	1,567	125
<b>Total Program Costs</b>	<b>\$ 5,095,689</b>	<b>\$ 4,920,691</b>	<b>\$ 165,738</b>	<b>\$ 13,260</b>
	<u>100.00%</u>	<u>96.49%</u>	<u>3.25%</u>	<u>0.26%</u>
<b>Units of Service Provided (In Quarter Hours)</b>	<b>180,373</b>	<b>95,707</b>	<b>81,442</b>	<b>3,224</b>
<b>Cost Per Unit of Service</b>	<b>\$ 28.27</b>	<b>\$ 51.41</b>	<b>\$ 2.04</b>	<b>\$ 4.11</b>

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

# SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.

Statement of Mental Health Program Costs (By Program)  
Year Ended June 30, 2014

Cost Category	Total Mental Health Costs	Rehabilitative Day Services			Emergency
		Outpatient	Day Services		
Auto Expense	\$ 5,531	\$ 5,343	\$ 151	\$	37
Bad Debt Expense	667,010	644,378	18,190		4,442
Board Expense	7,817	7,552	213		52
Client Services	23,700	22,896	646		158
Clinical Expense	2,202	2,127	60		15
Conference and Registration	10,078	9,736	275		67
Data Processing	104,163	100,628	2,841		694
Depreciation	183,983	177,741	5,017		1,225
Drug Expense	283	273	8		2
Dues and Publications	24,496	23,665	668		163
Food	39,817	38,466	1,086		265
Fringe Benefits	600,074	579,714	16,364		3,996
Insurance	77,180	74,561	2,105		514
Interest	2,141	2,069	58		14
Janitorial Services and Supplies	74,595	72,064	2,034		497
Legal and Accounting Fees	18,205	17,588	496		121
Miscellaneous	193,679	187,107	5,282		1,290
Office Supplies	19,597	18,932	534		131
Other Purchased Services	325,532	314,487	8,877		2,168
Postage	28,137	27,183	767		187
Recreation and Re-socialization	7,539	7,283	206		50
Recruitment and Training	18,318	17,696	500		122
Rent-Lease Payments	27,905	26,958	761		186
Repairs and Maintenance	31,494	30,425	859		210
Salaries	2,752,356	2,658,967	75,059		18,330
Small Furniture and Appliances	5,136	4,962	140		34
Telephone	298,458	288,331	8,139		1,988
Travel	113,493	109,642	3,095		756
Utilities	47,059	45,463	1,283		313
<b>Total Program Costs</b>	<b>\$ 5,709,978</b>	<b>\$ 5,516,237</b>	<b>\$ 153,714</b>	<b>\$ 38,027</b>	
			2.73%		0.67%
Units of Service Provided (In Quarter Hours)	217,416	98,677	115,470		3,269
Cost Per Unit of Service	\$ 26.26	\$ 55.90	\$ 1.35		\$ 11.63

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

# **SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

*Notes to Financial Statements  
June 30, 2015 and 2014*

## **Note A - Significant Accounting Policies**

**Nature of the Organization** - Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center) is a not-for-profit organization that provides counseling and mental health services to residents of Southwest Arkansas. As a not-for-profit organization, the Center is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation.

**Financial Statement Presentation** - The Center has adopted the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958-205, which requires the Center to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**Restricted Revenues** - The Center recognizes donor restricted revenues whose restrictions are met in the same reporting period as temporarily restricted net assets and as net assets released from restrictions on the statements of activities.

**Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Land, Buildings and Equipment** - Land, buildings and equipment are stated at historical cost. Acquisitions of land, buildings and equipment in excess of \$1,000 are capitalized.

**Depreciation** - The Center computes depreciation on the straight-line method over the estimated service lives of the assets.

**Local Match Requirement** - Pursuant to the terms of the present contract with the State of Arkansas (State) Department of Human Services, mental health monies received under the provisions of Title XX represent 75% of total fees. The Title XX match requirement of 25% of the contract is certified to the State by the Center.

**Accrued Compensated Absences** - The Center records the cost of employee absences in the period in which the benefits are earned. The Center allows each employee to carry forward 200 hours each year past their anniversary date.

**Bad Debt Expense and Contractual Adjustment** - Revenue is recorded at the Center's standard rate, with contractual adjustments deducted pursuant to an agreement with third party payer sources to arrive at total revenue. The Center provides an allowance for doubtful accounts based on an aged analysis of accounts receivable and historical collection data. Bad debts are recorded as program costs for patients who are self-pay or covered by private insurance. Accounts are charged off only after all collection efforts have been exhausted. Of the Center's accounts receivable, \$410,710 and \$457,863 were over 90 days old for 2015 and 2014, respectively.

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

*Notes to Financial Statements (Continued)*

*June 30, 2015 and 2014*

**Note A - Significant Accounting Policies (Continued)**

**Program Cost Allocation Methods** - Direct classification of costs is utilized when costs can be specifically identified with a cost center.

Administrative and indirect costs are allocated on a monthly basis to cost centers based on estimated utilization. Depreciation is allocated to cost centers based on fixed asset utilization.

**Mental Health Program Cost Allocation Methods** - Allocation of mental health costs to each program is based on time studies.

**Fund Type** - The Center operates under a single fund structure. Separate program accounts are maintained for all federal and state grant proceeds in order to facilitate compliance with reporting requirements. Costs are recorded by program for direct expenses when costs can be specifically identified with a program. Other costs are allocated to programs as indicated above. Transfers of general revenues to various program accounts are made to cover any excess of expenses over revenues in those programs. In addition, excess revenues over expenses from performance based contracts are transferred to the general operating accounts upon completion of the terms of the contract.

**Cash and Cash Equivalents** - For purposes of presentation in the statements of cash flows, the Center considers restricted and unrestricted demand deposit accounts and certificates of deposit with original maturities of three months or less to be cash equivalents.

**Investments - Other** - The Center's investments included certificates of deposit with original maturities greater than three months totaling \$1,201,701 as of June 30, 2014. These investments which were carried at cost, and which approximates fair value were transferred to operating cash in 2015.

**Note B - Temporarily Restricted Net Assets**

As of June 30, 2015 and 2014, temporarily restricted net assets consisted of State Highway and Transportation Department grants in the amount of \$51,026 and \$20,269, respectively.



# **SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

*Notes to Financial Statements (Continued)*

*June 30, 2015 and 2014*

## **Note C - Accounts Receivable**

Accounts receivable are reported at their estimated net realizable value. Details of accounts receivable as of June 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Medicare (Net)	\$ 11,168	\$ 11,913
Medicaid ARKids First	25,423	67,259
Medicaid Horizon	57,726	94,430
Medicaid Rehab (Net)	(42,547)	80,585
Forensic	500	1,000
DWI	11,082	67,482
Substance Abuse Contract	89,709	51,232
Foster Care	25,234	19,906
Other	40,010	55,615
River Ridge Assessment Fees	31,603	20,146
Split Rail Medicaid	96,930	117,411
Title XX	3,144	434
Self-Pay and Insurance Patients	478,754	504,361
Less Allowance for Doubtful Accounts	(209,200) 269,554	(198,738) 305,623
Net Accounts Receivable	<u>\$ 619,536</u>	<u>\$ 893,036</u>

## **Note D - Land, Buildings and Equipment**

The following is a summary of the cost and estimated lives of the property, land, buildings and equipment by category at June 30,

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,634,527	2,634,527	18-25 Yrs.
Computer Equipment	893,043	1,167,304	3-10 Yrs.
Computer Software	641,617	634,777	3-10 Yrs.
Furniture and Equipment	577,139	577,139	3-10 Yrs.
Automobiles	356,180	352,457	3 Yrs.
Building Improvements	395,637	379,282	10 Yrs.
	<u>5,498,143</u>	<u>5,745,486</u>	
Accumulated Depreciation	<u>(4,078,444)</u>	<u>(4,191,776)</u>	
	1,419,699	1,553,710	
Land	322,360	322,360	
Construction in Process	32,196	32,196	
Land, Buildings and Equipment (Net)	<u>\$ 1,774,255</u>	<u>\$ 1,908,266</u>	

# **SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

*Notes to Financial Statements (Continued)*

*June 30, 2015 and 2014*

## **Note E - Capital Leases**

The Center has capital leases with IBM and Toshiba for equipment and software which are recorded in land, buildings and equipment. The net book value of the equipment and software is \$19,896 and \$30,831 respectively, as of June 30, 2015 and 2014.

Future minimum lease payments and the present value of net minimum lease payments under the capital leases are as follows:

<u>Year Ending June 30,</u>	<u>2015</u>	<u>2014</u>
2015	\$ -	\$ 13,994
2016	6,601	12,943
2017	5,557	10,896
2018	399	783
Total Minimum Lease Payments	12,557	38,616
Less Interest	(814)	(7,849)
Present Value of Net Minimum Lease Payment	\$ 11,743	\$ 30,767

## **Note F - Concentration of Credit Risk**

The Center provides mental health services to residents of Southwest Arkansas. Payment for these services is made by the clients and/or through funding agreements with the State. The Center could sustain losses to the extent that the parties fail to perform as contracted through those agreements.

The Center maintains its cash balances at several different financial institutions in Southwest Arkansas. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2015 and 2014, the Center's cash balances were underinsured by approximately \$2,122,000 and \$699,000, respectively.

## **Note G - Contingencies**

The Center receives Medicaid funding by providing services to eligible clients. This funding is considered direct assistance to individuals and not federal financial assistance. Documentation of these services is subject to future audits by the funding agency which could result in the Center being required to refund some of the funds received for those services provided. During the year ended June 30, 2014, it was determined that Medicaid services were overbilled; therefore, a liability in the amount of \$138,001 was recorded in the financial statements. During the year ended June 30, 2015 the Center paid off the liability and created a reserve for future audits.

# **SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

*Notes to Financial Statements (Continued)*

*June 30, 2015 and 2014*

## **Note H - Joint-Venture**

In 1998, the Center and South Arkansas Regional Health Center, Inc. (SARHC) entered into an agreement for the provision of mental health services to the clients of the Split Rail Mental Health Treatment Program (Split Rail) located in Prescott, Arkansas. The accounting and administrative function is performed by the Center, and, pursuant to the terms of the agreement, the net change in the net assets of the facility each year will be divided equally between both centers after 25% of the total direct costs, including fixed asset purchases, is allocated to the Center as an administrative fee. The operation of Split Rail is reported as a separate cost center in the Center's financial statements with SARHC's share of the increase in net assets of the joint-venture reported as a separate item within the cost center. As of June 30, 2015 and 2014, the Center had a net payable to SARHC of \$52,052 and \$12,753, respectively. The settlement of amounts due to SARHC are made on the basis of cash receipts and cash disbursements, while the amounts shown on the financial statements of the joint venture are accounted for on the accrual basis which is in accordance with U.S. GAAP. The June 30, 2015 and 2014, summary operating information of the joint-venture for distribution purposes is as follows:

	<u>2015</u>	<u>2014</u>
Total Revenues	\$ 2,789,021	\$ 2,617,348
Total Direct Expenses	1,910,135	1,833,443
Administrative Fee	477,534	458,361
Total Expenses	<u>2,387,669</u>	<u>2,291,804</u>
Increase in Net Assets	401,352	325,544
SARHC Share	<u>200,676</u>	<u>162,772</u>
Center Share	<u>\$ 200,676</u>	<u>\$ 162,772</u>

## **Note I - Retirement Plan**

The Center participates in a deferred tax annuity program and has matched up to 3% of the contributions made by employees electing to participate in the Plan since October 2013. The Center's matching contributions were \$97,331 and \$131,858 for 2015 and 2014, respectively.

## **NOTE J - Subsequent Events**

The Center has evaluated subsequent events through September 4, 2015, the date on which the financial statements were available to be issued.

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

*Notes to Financial Statements (Continued)*

*June 30, 2015 and 2014*

**Note K – Income Taxes**

U.S. GAAP require the Center's management to evaluate tax positions taken by the Center and recognize a tax liability if the Center has taken an uncertain tax position that more likely than not would not be sustained upon examination. The Center has analyzed the tax positions taken, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Center believes it is no longer subject to income tax examinations for years prior to 2012.

**Note L – Line of Credit**

In a prior year, the Center obtained a \$400,000 line of credit from Bear State Bank. This line of credit is secured by the deed of trust for the Arkansas Boulevard building and interest is payable monthly on outstanding balances at 4.75%. As of June 30, 2015 and 2014, no borrowings had occurred.

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***INTERNAL CONTROL AND COMPLIANCE SECTION***

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Certified Public Accountants

***INDEPENDENT AUDITORS' 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  
Southwest Arkansas Counseling and Mental Health Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows, program costs (by cost center), and mental health program costs (by program) for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.



Board of Directors  
Southwest Arkansas Counseling and Mental Health Center, Inc.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Thomas & Thomas LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
September 4, 2015

***INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133***

Board of Directors  
Southwest Arkansas Counseling and Mental Health Center, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Southwest Arkansas Counseling and Mental Health Center, Inc.'s (the Center) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2015. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Board of Directors  
Southwest Arkansas Counseling and Mental Health Center, Inc.

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Thomas & Thomas LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
September 4, 2015

***INDEPENDENT AUDITORS' REPORT ON STATISTICAL SYSTEM***

Board of Directors  
Southwest Arkansas Counseling and Mental Health Center, Inc.

We have audited the financial statements of Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center) for the year ended June 30, 2015, and have issued our report thereon dated September 4, 2015.

We have also audited the Center's statements of program costs (by cost center), mental health program costs (by program), statistical system and related internal control measures for documenting and appropriate reporting of data regarding: staff activities, units of service and recipients of services for the year ended June 30, 2015. We conducted our audit in accordance with generally accepted auditing standards and specific auditing standards promulgated by the Division of Behavioral Health Services, Department of Human Services and the State of Arkansas, and included such other tests of the accounting and statistical records and other auditing procedures as we considered necessary in the circumstances.

The specific auditing standards adopted by the Division of Behavioral Health Services apply to the audit of statistical systems of mental health organizations. Under these auditing standards, the purpose of such an audit is to determine the:

- consistency between the definitions of units of services prescribed by the Division of Behavioral Health Services and those reported by the Center, and
- statistical system's reliability for accurately and completely documenting and reporting client and community services data as required by the Division of Behavioral Health Services. Such reliability is dependent upon the adoption and utilization of appropriate internal control measures within the statistical system.

The principal internal control issues regarding reliable reporting of client and community services data by the Division of Behavioral Health Services are:

- promotion of accurate and complete documentation of client admissions and discharge, and
- promotion of accurate and appropriate documentation of services rendered to clients and the community.

Our audit of the Center's statistical system was centered on these issues and specifically focused upon the degree to which appropriate internal control measures were utilized.

Board of Directors  
Southwest Arkansas Counseling and Mental Health Center, Inc.

The management of the Center is responsible for establishing and maintaining a system of statistical internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of the statistical system are to provide management with reasonable, but not absolute, assurance that client and community services are provided and documented in accordance with management's authorization.

Because of inherent limitations in any system of statistical internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

In our opinion, Southwest Arkansas Counseling and Mental Health Center, Inc. has for the year ended June 30, 2015,

- fairly reported client and community services to the Behavioral Health Services Division consistent with definitions and unitizations prescribed by such division; and
- incorporated and utilized appropriate measures of statistical internal control to promote reliable documentation and reporting of data regarding
  - .. staff activities,
  - .. units of service and
  - .. recipients of services.

Further, in our opinion, Southwest Arkansas Counseling and Mental Health Center, Inc.'s representations of the:

- number of clients served,
- units of direct client services and consultation and education services provided and
- cost-per-unit of services

contained in the statements of program costs (by cost center) and mental health program costs (by program) are fair with respect to accuracy and completeness.

*Thomas & Thomas LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
September 4, 2015

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

***Schedule of Findings and Questioned Costs***

***Year Ended June 30, 2015***

**Summary of Audit Results -**

*Financial Statements*

Type of auditors' report issued on the financial statements.	Unmodified
Internal control over financial reporting: Material weaknesses identified.	None Reported
Significant Deficiencies identified that are not considered to be material weaknesses.	None Reported
Noncompliance material to the financial statements.	None Reported

*Federal Awards*

Internal control over major programs: Material weaknesses identified	None Reported
Significant Deficiencies identified that are not considered to be material weaknesses	None Reported
Type of auditors' report issued on compliance for major programs.	Unmodified
Findings disclosed in the audit which are required to be reported in Government Auditing Standards.	None Reported
Findings disclosed in the audit which are required to be reported in Accordance with OMB Circular A-133.	None Reported
Programs audited as major: Alcohol Treatment	CFDA #93.959
Drug Treatment	CFDA #93.959
Threshold used to distinguish between Type A and Type B programs.	\$300,000

Southwest Arkansas Counseling and Mental Health Center, Inc. qualified as a low risk entity.

***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

***Schedule of Expenditures of Federal Awards  
For Year Ended June 30, 2015***

<b>Federal Grantor/Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Total Program Revenues</b>	<b>Total Program Expenditures</b>
<b>Department of Health and Human Services:</b>			
<b>Grants Passed Through the Arkansas Department of Human Services:</b>			
Therapeutic Foster Care	93.658	\$ 168,939	\$ 168,939
Foster Care Services (Board Payments)	93.658	15,122	15,122
Community Mental Health Services Block Grant	93.958	192,654	192,654
Social Services Block Grant			
Alcohol and Drug	93.667	36,225	36,225
CASSP/SSBG	93.667	17,710	17,710
Social Services Block Grant Title XX			
Mental Health	93.667	52,183	52,183
Alcohol and Drug Treatment	93.959	392,943	392,943
<b>Total Passed Through the Arkansas Department of Human Services</b>		<b>875,776</b>	<b>875,776</b>
<b>Grants Passed Through the Arkansas Home Visiting Network:</b>			
Maternal, Infant, and Early Childhood Home Visiting	93.505	21,013	21,013
<b>Total Passed Through the Arkansas Home Visiting Network</b>		<b>21,013</b>	<b>21,013</b>
<b>Total Department of Health and Human Services</b>		<b>896,789</b>	<b>896,789</b>
<b>Department of Transportation:</b>			
<b>Grants Passed Through the Arkansas State Highway and Transportation Department:</b>			
Federal Transit Administration Grant	20.513	63,357	63,357
<b>Total Passed Through the Arkansas State Highway and Transportation Department</b>		<b>63,357</b>	<b>63,357</b>
<b>Total Department of Transportation</b>		<b>63,357</b>	<b>63,357</b>
<b>Total Federal Financial Assistance</b>		<b>\$ 960,146</b>	<b>\$ 960,146</b>

**Notes to Schedule of Expenditures of Federal Awards:**

This schedule is prepared on the accrual basis of accounting.

In 2015, the Center received Medicare funds of \$ 166,656 and Medicaid funds of \$ 6,242,241 under fee for service contracts, which are not considered federal awards since they are direct federal cash assistance to individuals.

***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

*Schedule of Expenditures of State Awards  
Year Ended June 30, 2015*

<u>State Grantor/Program Title</u>	<u>Grant Period</u>	<u>Total Program Revenues</u>	<u>Total Program Expenditures</u>
<b>Arkansas Department of Human Services:</b>			
Acute Inpatient	7/1/14 - 6/30/15	\$ 236,216	\$ 236,216
CSP - A	7/1/14 - 6/30/15	331,217	331,217
CSP - B	7/1/14 - 6/30/15	106,015	106,015
CASSP	7/1/14 - 6/30/15	90,526	90,526
Forensic	7/1/14 - 6/30/15	29,000	29,000
State Appropriation-General	7/1/14 - 6/30/15	353,514	353,514
Juvenile Drug Court	7/1/14 - 6/30/15	18,302	18,302
Youth Services - JDC	7/1/14 - 6/30/15	743,723	743,723
Youth Services - Sanctions	7/1/14 - 6/30/15	132,375	132,375
Youth Services - SGR	7/1/14 - 6/30/15	91,093	91,093
Youth Services - Parenting	7/1/14 - 6/30/15	19,284	19,284
System of Care	7/1/14 - 6/30/15	145,779	145,779
Drug and Alcohol Safety Education Program	7/1/14 - 6/30/15	291,182	291,182
Treatment Services State General Revenue	7/1/14 - 12/31/14	15,246	15,246
Treatment Services State General Revenue	1/1/15 - 6/30/15	15,246	15,246
ADAP Drug Prevention	7/1/14 - 6/30/15	12,397	12,397
Foster Care (Title IV)	7/1/14 - 6/30/15	346,387	346,387
Regional Alcohol Detention and Detoxification	7/1/14 - 6/30/15	28,121	28,121
<b>Total Arkansas Department of Human Services</b>		<u>3,005,622</u>	<u>3,005,622</u>
<b>Total State Awards</b>		<u>\$ 3,005,622</u>	<u>\$ 3,005,622</u>

**Note to Schedule of Expenditures of State Awards:**

This schedule is prepared on the accrual basis of accounting.



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***SUPPLEMENTAL INFORMATION***

***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

***Combining Statement of Financial Position  
June 30, 2015***

	General Operating	Fixed Asset	Forensics	Foster Care	Youth Services
<b>Assets</b>					
Cash and Cash Equivalents	\$ 2,987,968	\$ -	\$ (500)	\$ (25,234)	\$ -
Accounts Receivable, Net	349,214	-	500	25,234	-
Prepaid Expenses	26,444	-	-	-	-
Accrued Interest and Other	350	-	-	-	-
Land, Buildings and Equipment, Net	-	1,774,255	-	-	-
<b>Total Assets</b>	<b>3,363,976</b>	<b>1,774,255</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts Payable	137,166	-	-	-	-
Due to Related Party	52,052	-	-	-	-
Accrued Payroll Items	795,043	-	-	-	-
Leases Payable	11,743	-	-	-	-
Deferred Revenue	27,277	-	-	-	-
<b>Total Liabilities</b>	<b>1,023,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>					
Unrestricted	2,289,669	1,774,255	-	-	-
Temporarily Restricted	51,026	-	-	-	-
<b>Total Net Assets</b>	<b>2,340,695</b>	<b>1,774,255</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,363,976</b>	<b>\$ 1,774,255</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<u>Medicare</u>	<u>Medicaid Rehab</u>	<u>Split Rail Mental Health Treatment Program</u>	<u>Horizon Mental Health Treatment Program</u>	<u>River Ridge and Substance Abuse</u>	<u>Total</u>
\$ (11,168)	\$ 42,547	\$ (96,930)	\$ (57,726)	\$ (121,311)	\$ 2,717,646
11,168	(42,547)	96,930	57,726	121,311	619,536
-	-	-	-	-	26,444
-	-	-	-	-	350
-	-	-	-	-	1,774,255
-	-	-	-	-	5,138,231
-	-	-	-	-	137,166
-	-	-	-	-	52,052
-	-	-	-	-	795,043
-	-	-	-	-	11,743
-	-	-	-	-	27,277
-	-	-	-	-	1,023,281
-	-	-	-	-	4,063,924
-	-	-	-	-	51,026
-	-	-	-	-	4,114,950
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,138,231

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

Combining Schedule of Activities by Program  
Year Ended June 30, 2015

	Mental Health Treatment Program	CSP Program	Youth Services	Acute Care	CASSP Program	Foster Care	Split Rail Mental Health Treatment Program
<b>Revenues</b>							
Program Revenue	\$ -	\$ 437,232	\$ 1,035,875	\$ 236,216	\$ -	\$ 530,449	\$ -
State General Appropriation	353,514	-	-	-	-	-	-
Forensics	29,000	-	-	-	-	-	-
Medicaid	1,624,872	283	35	-	236,969	58,333	2,581,701
Medicare	147,047	1,363	-	-	-	-	11,740
Mental Health Block Grant	-	134,950	-	-	57,704	-	-
Block Grant	-	-	-	-	17,710	-	-
Title XX	52,183	-	-	-	-	-	-
Patient Fees Self Pay	252,530	1,264	102	-	5,388	407	140,964
Patient Fees Insurance	195,807	(338)	-	-	8,382	-	(6,440)
USAC	202,741	-	-	-	-	-	97,906
System of Care Grant	-	-	-	-	145,779	-	-
Other Contracts	31,157	-	-	-	90,526	-	-
Less: Charitable Allowance	(72,412)	(1,740)	-	-	(1,787)	(337)	-
Gain on Disposal of Fixed Assets	5,470	-	-	-	-	-	-
Investment Income	13,761	-	-	-	-	-	-
Miscellaneous Income	150,209	-	-	-	23	17,950	1,335
Rental Income	-	-	-	-	-	-	-
Transfers In (Out) of Unrestricted Funds	954,251	(91,587)	(99,639)	(155,566)	46,306	(57,277)	(398,478)
<b>Total Revenues</b>	<b>3,940,130</b>	<b>481,427</b>	<b>936,373</b>	<b>80,650</b>	<b>607,000</b>	<b>549,525</b>	<b>2,428,728</b>
<b>Expenses</b>							
Acute Care	-	-	-	80,650	-	-	4,140
Auto Expense	702	1,978	3,352	-	769	-	7,095
Bad Debt Expense	353,580	1,397	137	-	44,414	-	172,357
Board Expense	9,241	-	-	-	-	-	-
Client Medical Expense	-	-	-	-	-	-	22,090
Client Services	-	-	-	-	93	-	-
Clinical Expense	3,594	-	659	-	16	-	735
Conference and Registration	5,794	205	830	-	402	965	645
Data Processing	112,158	-	-	-	-	-	-
Depreciation	164,605	29,755	386	-	-	-	7,563
Drug Expense	1,006	261	1,235	-	-	-	8,208
Dues and Publications	32,927	321	2,425	-	451	567	1,067
Food	4,595	24,476	773	-	1,740	625	22,334
Fringe Benefits	409,339	58,352	135,345	-	74,508	35,084	226,832
Insurance	51,045	12,301	10,031	-	9,447	1,699	25,540
Interest	1,591	149	-	-	-	-	587
Janitorial Services and Supplies	63,816	11,730	325	-	151	-	16,750
Joint-Venture Disbursement	-	-	-	-	-	-	200,676
Legal and Accounting Fees	30,326	1,998	2,383	-	1,032	89	11,993
Miscellaneous	22,879	299	668	-	116,896	14,851	1,563
Office Supplies	18,749	83	2,933	-	296	677	2,314
Other Purchased Services	332,853	39,000	120,755	-	2,054	332,907	115,164
Postage	26,347	-	525	-	57	52	308
Printing and Reproduction	314	-	-	-	-	-	-
Recreation and Re-socialization	(100)	2,362	1,286	-	1,939	2,217	4,125
Recruitment and Training	14,868	165	206	-	1,402	-	428
Rent-Lease Payments	30,734	-	13,016	-	-	-	450
Repairs and Maintenance	38,555	4,271	1,838	-	-	-	4,385
Salaries	1,865,537	279,986	572,631	-	323,843	127,862	1,383,009
Small Furniture and Appliances	14,516	496	900	-	12	-	1,588
Telephone	306,130	2,110	32,655	-	3,671	1,925	125,277
Travel	56,607	480	23,377	-	23,807	30,005	2,486
Utilities	38,954	9,252	7,702	-	-	-	59,019
<b>Total Expenses</b>	<b>4,011,262</b>	<b>481,427</b>	<b>936,373</b>	<b>80,650</b>	<b>607,000</b>	<b>549,525</b>	<b>2,428,728</b>
<b>Decrease in Net Assets</b>	<b>\$ (71,132)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.**

Combining Schedule of Activities by Program (Continued)  
Year Ended June 30, 2015

	Horizon Mental Health Treatment Program	DWI	Substance Abuse	River Ridge	County Heights	Thrive	Total
<b>Revenues</b>							
Program Revenue	\$ -	\$ 311,211	\$ 78,159	\$ 327,688	\$ -	\$ 21,013	\$ 2,977,843
State General Appropriation	-	-	-	-	-	-	353,514
Forensics	-	-	-	-	-	-	29,000
Medicaid	1,902,627	-	580	-	-	-	6,405,400
Medicare	122,876	-	-	-	-	-	283,026
Mental Health Block Grant	-	-	-	-	-	-	192,654
Block Grant	-	-	-	-	-	-	17,710
Title XX	-	-	-	-	-	-	52,183
Patient Fees Self Pay	212,866	-	73,631	43,484	-	-	730,636
Patient Fees Insurance	(21,743)	-	18,458	109	-	-	194,235
USAC	48,953	-	-	-	-	-	349,600
System of Care Grant	-	-	-	-	-	-	145,779
Other Contracts	-	-	34,742	40,798	-	-	197,223
Less: Charitable Allowance	-	-	(6,858)	-	-	-	(83,134)
Gain on Disposal of Fixed Assets	-	-	-	-	-	-	5,470
Investment Income	-	-	-	-	-	-	13,761
Miscellaneous Income	-	-	-	-	-	-	169,517
Rental Income	-	-	-	-	43,821	-	43,821
Transfers In (Out) of Unrestricted Funds	(\$67,713)	7,311	43,141	181,788	132,726	4,737	-
<b>Total Revenues</b>	<b>1,697,866</b>	<b>318,522</b>	<b>241,853</b>	<b>593,867</b>	<b>176,547</b>	<b>25,750</b>	<b>12,078,238</b>
<b>Expenses</b>							
Acute Care	-	-	-	-	-	-	84,790
Auto Expense	7,387	-	-	799	1,472	-	23,554
Bad Debt Expense	304,962	-	22,721	30,623	-	-	930,191
Board Expense	-	-	-	-	-	-	9,241
Client Medical Expense	27,266	-	-	-	-	-	49,356
Client Transportation	-	-	-	33	-	-	126
Clinical Expense	1,113	-	-	1,165	-	-	7,282
Conference and Registration	106	-	175	590	-	-	9,712
Data Processing	-	-	-	-	-	-	112,158
Depreciation	11,462	1,660	125	23,079	14,592	-	253,227
Drug Expense	4,079	-	2,710	1,011	16	-	18,526
Dues and Publications	1,332	14	5	168	161	-	39,438
Food	29,832	817	246	49,644	134	223	135,439
Fringe Benefits	197,215	44,814	33,637	59,947	21,699	4,640	1,301,412
Insurance	14,684	1,848	617	13,634	2,411	179	143,436
Interest	2	-	-	-	-	-	2,329
Janitorial Services and Supplies	14,944	376	-	15,097	5,064	87	128,340
Joint-Venture Disbursement	-	-	-	-	-	-	200,676
Legal and Accounting Fees	8,132	807	885	1,304	291	88	59,328
Miscellaneous	798	-	211	214	197	179	158,755
Office Supplies	2,875	2,159	708	1,825	1,029	25	33,673
Other Purchased Services	74,519	-	88	50,229	-	29	1,067,598
Postage	1,077	800	-	70	-	-	29,236
Printing and Reproduction	-	-	-	-	-	-	314
Recreation and Re-socialization	2,874	-	-	1,164	4,065	209	20,141
Recruitment and Training	353	903	147	8,696	64	-	27,232
Rent-Lease Payments	757	17,400	7,380	2,345	-	400	72,482
Repairs and Maintenance	2,580	634	-	14,949	911	-	68,123
Salaries	868,701	225,063	165,521	273,761	106,169	17,816	6,209,899
Small Furniture and Appliances	122	334	164	498	846	-	19,476
Telephone	73,043	6,681	252	12,602	5,474	1,130	570,950
Travel	10,647	13,351	5,400	5,985	5,116	745	178,006
Utilities	37,004	861	861	24,435	6,836	-	184,924
<b>Total Expenses</b>	<b>1,697,866</b>	<b>318,522</b>	<b>241,853</b>	<b>593,867</b>	<b>176,547</b>	<b>25,750</b>	<b>12,149,370</b>
<b>Decrease in Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (71,132)</b>

## ***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

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### ***Schedule of Revenues and Expenses (Contract Basis)***

#### ***Split Rail Mental Health Treatment Program***

***Year Ended June 30, 2015***

#### **Revenues and Other Financing Sources**

Service Fees	\$ 2,961,378
Bad Debt Expense	(172,357)
<b>Total Revenues and Other Financing Sources</b>	<b>2,789,021</b>

#### **Direct Expenses**

Auto Expense	7,095
Client Medical Expense	22,090
Clinical Expense	735
Conference and Registration	645
Depreciation	7,563
Drug Expenses	8,208
Dues and Publications	1,067
Food	22,334
Fringe Benefits	140,419
Insurance	25,540
Interest	587
Janitorial Services and Supplies	16,750
Legal and Accounting Fees	11,993
Miscellaneous	1,563
Office Supplies	2,314
Other Purchased Services	115,164
Postage	308
Recreation and Re-socialization	4,125
Recruitment and Training	428
Rent-Lease Payments	450
Repairs and Maintenance	4,385
Salaries	1,328,002
Small Furniture and Appliances	1,588
Telephone	125,277
Travel	2,486
Utilities	59,019
<b>Total Direct Expenses</b>	<b>1,910,135</b>
<b>Administrative Fee (25%)</b>	<b>477,534</b>
<b>Total Expenses</b>	<b>2,387,669</b>

**Excess of Revenues and Other Financing Sources  
Over Expenses**

**\$ 401,352**

***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

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***Schedule of Revenues and Expenses  
Horizon Mental Health Treatment Program  
Year Ended June 30, 2015***

**Revenues and Other Financing Sources**

Service Fees	\$ 2,265,579
<b>Total Revenues and Other Financing Sources</b>	<b><u>2,265,579</u></b>

**Expenses**

Auto Expense	7,387
Bad Debt Expense	304,962
Client Medical Expense	27,266
Clinical Supplies	1,113
Conference and Registration	106
Depreciation	11,462
Drug Expenses	4,079
Dues and Publications	1,332
Food	29,832
Fringe Benefits	197,215
Insurance	14,684
Interest	2
Janitorial Services and Supplies	14,944
Legal and Accounting	8,132
Miscellaneous	798
Office Supplies	2,875
Other Purchased Services	74,519
Postage	1,077
Recreation and Re-socialization	2,874
Recruitment and Training	353
Rent-Lease Payments	757
Repairs and Maintenance	2,580
Salaries	868,701
Small Furniture and Fixtures	122
Telephone	73,043
Travel	10,647
Utilities	37,004
<b>Total Expenses</b>	<b><u>1,697,866</u></b>

**Excess of Revenues and Other Financing Sources  
Over Expenses**

**\$ 567,713**



***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

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***Schedule of Revenues and Expenses  
River Ridge Residential Substance Abuse Treatment Program  
Year Ended June 30, 2015***

**Revenues and Other Financing Sources**

Service Fees and Other Revenue \$ 412,079

**Total Revenues and Other Financing Sources** 412,079

**Expenses**

Auto Expense 799

Bad Debt Expense 30,623

Client Services 33

Clinical Expense 1,165

Conference and Registration 590

Depreciation 23,079

Dues and Publications 168

Drug Expenses 1,011

Food 49,644

Fringe Benefits 59,947

Insurance 13,634

Janitorial Services and Supplies 15,097

Legal and Accounting 1,304

Miscellaneous 214

Office Supplies 1,825

Other Purchased Services 50,229

Postage 70

Recreation and Re-socialization 1,164

Recruitment and Training 8,696

Rent-Lease Payments 2,345

Repairs and Maintenance 14,949

Salaries 273,761

Small Furniture and Fixtures 498

Telephone 12,602

Travel 5,985

Utilities 24,435

**Total Expenses** 593,867

**Deficit of Revenues and Other Financing Sources**

**Over Expenses** \$ (181,788)

***SCHEDULE OF REVENUES, EXPENSES AND UNITS OF SERVICE -  
BUDGET AND ACTUAL***

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***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

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***Schedule of Revenues, Expenses and Units of Service - Budget and Actual  
Community Mental Health Services Block Grant  
Year Ended June 30, 2015***

	<u>Budget</u>	<u>Actual</u>
<b>Revenues and Other Financing Sources</b>		
Federal Revenue	\$ 192,654	\$ 192,654
<b>Total Revenues and Other Financing Sources</b>	<u>192,654</u>	<u>192,654</u>
<b>Expenses</b>		
Salaries - CSP	134,950	134,950
Salaries - CASSP	57,704	57,704
<b>Total Expenses</b>	<u>192,654</u>	<u>192,654</u>
<b>Excess of Revenues and Other Financing Sources Over Expenses</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Units of Service</b>	<u>N/A</u>	<u>N/A</u>

***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

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***Schedule of Revenues, Expenses and Units of Service - Budget and Actual***

***CSP Program***

***Year Ended June 30, 2015***

	<u>Budget</u>	<u>Actual</u>
<b>Revenues and Other Financing Sources</b>		
State Revenue	\$ 437,232	\$ 437,232
Other Service Fee Revenues	135,782	135,782
Transfers In (Out) of Unrestricted Funds	<u>(91,587)</u>	<u>(91,587)</u>
<b>Total Revenues and Other Financing Sources</b>	<u>481,427</u>	<u>481,427</u>
<b>Expenses</b>		
Auto Expense	1,978	1,978
Bad Debt Expense	1,397	1,397
Conference and Registration	205	205
Depreciation	29,755	29,755
Drug Expense	261	261
Dues and Publications	321	321
Food	24,476	24,476
Fringe Benefits	58,352	58,352
Insurance	12,301	12,301
Interest	149	149
Janitorial Service	11,730	11,730
Legal and Accounting	1,998	1,998
Miscellaneous	299	299
Office Supplies	83	83
Other Purchased Services	39,000	39,000
Recreation and Re-socialization	2,362	2,362
Recruitment and Training	165	165
Repairs and Maintenance	4,271	4,271
Salaries	279,986	279,986
Small Furniture and Appliances	496	496
Telephone	2,110	2,110
Travel	480	480
Utilities	9,252	9,252
<b>Total Expenses</b>	<u>481,427</u>	<u>481,427</u>
<b>Excess of Revenues and Other Financing Sources Over Expenses</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Units of Service</b>	<u>N/A</u>	<u>N/A</u>

***SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.***

**Schedule of Revenues, Expenses and Units of Service - Budget and Actual  
DWI  
Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>
<b>Revenues and Other Financing Sources</b>		
State Revenue	\$ 340,064	\$ 311,211
Transfers In (Out) of Unrestricted Funds	-	7,311
<b>Total Revenues and Other Financing Sources</b>	<u>340,064</u>	<u>318,522</u>
<b>Expenses</b>		
Conference and Registration	250	-
Depreciation	720	1,660
Dues and Publications	100	14
Food	-	817
Fringe Benefits	49,680	44,814
Insurance	1,800	1,848
Janitorial Services and Supplies	600	376
Legal and Accounting	1,000	807
Office Supplies	2,500	2,159
Postage	900	800
Recruitment and Training	-	903
Rent - Lease Payments	17,400	17,400
Repairs and Maintenance	600	634
Salaries	202,774	225,063
Small Furniture and Appliances	1,000	334
Telephone	11,000	6,681
Travel	14,984	13,351
Utilities	750	861
Indirect Costs	34,006	-
<b>Total Expenses</b>	<u>340,064</u>	<u>318,522</u>
<b>Excess of Revenues and Other Financing Sources Over Expenses</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Units of Service</b>	<u>N/A</u>	<u>N/A</u>