

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

**FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION**

JUNE 30, 2023 AND 2022

(WITH INDEPENDENT AUDITOR'S REPORTS THEREON)

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, cash flows, and program costs (by cost center) for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southwest Arkansas Counseling and Mental Health Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note S to the financial statements, the Center changed its method of accounting for leases for the year ended June 30, 2023, as required by the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements (Continued)

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 Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of activities by funding source and the schedule of revenues and expenses – budget and actual (DWI) are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements.

Supplementary Information (Continued)

The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the Arkansas Department of Human Services' *Audit Guidelines* and is also not a required part of the financial statements. The combining schedule of activities by funding source, schedule of revenues and expenses – budget and actual (DWI), schedule of expenditures of federal awards and schedule of expenditures of state awards are the responsibility of management and were derived from and relate 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 combining statement of activities by funding source, schedule of revenues and expenses – budget and actual (DWI), schedule of expenditures of federal awards and schedule of expenditures of state awards are 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 March 20, 2024, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Reports on Other Legal and Regulatory Requirements

In accordance with the Arkansas Department of Human Services' *Audit Guidelines*, we have issued our report dated March 20, 2024, on management of Southwest Arkansas Counseling and Mental Health Center, Inc.'s assertion that the Center maintained effective internal control over compliance with the statistical information system for documenting and appropriately reporting data regarding staff activities, units of service, and recipients of services. The purpose of that report is to describe the scope of our testing of management's assertion of internal control over compliance with the statistical information system and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. In addition, we have also issued our report on the schedules of statistical data and units of service of the Center. These reports are an integral part of an audit performed in accordance with Arkansas Department of Human Services' *Audit Guidelines*.


CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 20, 2024

FINANCIAL STATEMENTS

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 3,625,153	\$ 3,667,161
Investments at Cost	100,000	100,000
Accounts Receivable, Net	593,322	565,452
Prepaid Expenses	60,926	51,841
Accrued Interest and Other	1,391	1,391
Operating Lease Right-of-Use Assets	184,601	-
Intangible Assets - Net	-	252
Land, Buildings and Equipment - Net	<u>1,687,674</u>	<u>1,735,123</u>
Total Assets	<u><u>6,253,067</u></u>	<u><u>6,121,220</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	275,029	356,075
Accrued Payroll Liabilities	433,728	473,286
Notes Payable - Current	12,529	13,381
Notes Payable - Long-Term	264,280	276,514
Deferred Revenue	1,200	12,858
Operating Lease Liabilities	<u>184,601</u>	<u>-</u>
Total Liabilities	<u>1,171,367</u>	<u>1,132,114</u>
Net Assets		
Without Donor Restrictions	5,066,604	4,965,776
With Donor Restrictions	<u>15,096</u>	<u>23,330</u>
Total Net Assets	<u>5,081,700</u>	<u>4,989,106</u>
Total Liabilities and Net Assets	<u><u>\$ 6,253,067</u></u>	<u><u>\$ 6,121,220</u></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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash Received for Services Provided	\$ 7,539,877	\$ 7,997,948
Cash Paid to Employees and Suppliers	(7,583,018)	(7,744,242)
Interest Paid	(14,909)	(13,538)
Interest and Investment Distributions Received	105,238	63,288
Net Cash Provided by Operating Activities	<u>47,188</u>	<u>303,456</u>
Cash Flows from Investing Activities:		
Sale of Property and Equipment	-	2,660
Purchases of Property and Equipment	(76,110)	(188,125)
Net Cash Used by Investing Activities	<u>(76,110)</u>	<u>(185,465)</u>
Cash Flows from Financing Activities:		
Payments on Notes Payable	(13,086)	(11,630)
Net Cash Used by Financing Activities	<u>(13,086)</u>	<u>(11,630)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,008)	106,361
Cash and Cash Equivalents at Beginning of Year	<u>3,667,161</u>	<u>3,560,800</u>
Cash and Cash Equivalents at End of Year	<u><u>3,625,153</u></u>	<u><u>3,667,161</u></u>
 Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Net Assets	92,594	(7,151)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	123,039	121,733
Loss (Gain) on Disposal of Fixed Assets	772	2,865
Bad Debts	335,774	422,820
Contractual Adjustments	476,370	238,760
Charitable Allowance	48,081	57,920
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(888,095)	(349,840)
(Increase) Decrease in Accrued Interest	-	14,168
(Increase) Decrease in Prepaid Expense	(9,085)	(962)
Increase (Decrease) in Accounts Payable	(81,046)	(157,393)
Increase (Decrease) in Accrued Payroll Liabilities	(39,558)	(39,455)
Increase (Decrease) in Deferred Revenues	(11,658)	(9)
Net Cash Provided by Operating Activities	<u><u>\$ 47,188</u></u>	<u><u>\$ 303,456</u></u>

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, 2022

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	Total Costs
Acute Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,975	\$ -	\$ -	\$ -	\$ 106,975
Auto Expense	1,533	21	3,890	595	-	-	-	953	835	7,827
Board Expense	6,989	-	-	-	-	-	-	-	-	6,989
Client Medical Expense/Transportation	7	-	3,998	-	-	-	-	-	-	4,005
Clinical Expense	1,814	-	-	108	78	-	-	-	-	2,000
Conference and Registration	5,836	-	-	70	945	-	-	-	-	6,851
Data Processing Expense	84,236	-	25,780	21,655	4,125	-	5,156	13,406	2,062	156,420
Depreciation and Amortization	75,790	965	2,863	5,805	-	-	1,011	20,704	14,595	121,733
Drug Expense	1,554	-	3,130	2,569	-	-	2,419	2,915	-	12,587
Dues and Publications	23,294	-	-	1,351	950	-	-	80	-	25,675
Food	12,948	12	29,194	1,088	23	-	-	46,064	-	89,329
Fringe Benefits	407,839	5,397	137,540	134,689	23,182	-	34,348	68,658	9,374	821,027
Insurance	78,765	(28)	48,631	31,126	4,794	-	6,787	18,733	3,945	192,753
Interest Expense	13,538	-	-	-	-	-	-	-	-	13,538
Janitorial Services and Supplies	70,105	-	2,320	493	85	-	190	19,358	2,244	94,795
Legal and Accounting Fees	42,903	-	14,007	9,902	1,779	-	2,476	6,498	1,005	78,570
Miscellaneous	21,438	-	2,090	207	5,177	-	448	1,365	1,534	32,259
Office Supplies	12,599	81	1,147	4,214	131	-	2,044	1,469	255	21,940
Other Purchased Services	283,382	-	16,050	111,333	281,742	-	50	21,443	-	714,000
Postage	10,240	39	488	170	-	-	568	-	-	11,505
Recreation and Resocialization	4,215	435	1,800	423	578	-	-	3,223	-	10,674
Recruitment and Training	22,274	-	40	-	-	-	-	-	-	22,314
Rent-Lease Payments	40,460	-	7,213	40,715	-	-	4,200	2,063	-	94,651
Repairs and Maintenance	36,946	-	1,515	588	75	-	355	17,121	1,823	58,423
Salaries	2,313,636	24,907	662,068	760,809	172,186	-	181,224	328,124	46,725	4,489,679
Small Furniture and Appliances	16,704	-	1,387	226	439	-	8	1,101	771	20,636
Telephone	143,988	-	30,496	12,582	1,404	-	7,662	8,006	9,523	213,661
Travel	28,579	-	1,369	32,700	10,115	-	10,645	2,254	175	85,837
Utilities	63,293	-	48,065	10,228	-	-	1,055	34,413	7,987	165,041
Total Program Costs	\$ 3,824,905	\$ 31,829	\$ 1,045,081	\$ 1,183,646	\$ 507,808	\$ 106,975	\$ 260,646	\$ 617,951	\$ 102,853	\$ 7,681,694

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, 2023 AND 2022

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at Cost – During the year ended June 30, 2018, the Center purchased shares in Arkansas Provider Coalition, LLC, a Provider-led Arkansas Shared Savings Entity (PASSE). The PASSE is a model of organized care that addresses the needs of certain Medicaid beneficiaries who have complex behavioral health and intellectual and developmental disabilities service needs. The Center purchased one B1-unit share at a value of \$100,000, representing a 1.83% ownership interest in the PASSE.

The Center's investment in the PASSE is accounted for using the cost method. The aggregate cost of the Company's cost-method investments totaled \$100,000 as of June 30, 2023 and 2022. This investment was not evaluated for impairment because (a) it is not practicable to estimate its fair value due to insufficient information being available and (b) management did not identify any events or changes in circumstances that might have a significant adverse effect on the fair value of the PASSE. The Center received distributions of \$67,623 and \$58,724, respectively, for the year ended June 30, 2023 and 2022.

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

Program Cost Allocation Methods – The Center maintains separate cost centers for direct expenses for each program. Administrative expenses related to these program cost centers are allocated to the administrative cost center based on the ratio of administrative salaries to total salaries. Administrative and indirect costs are then re-allocated to program cost centers based on estimated utilization. Depreciation is allocated to cost centers based on fixed asset utilization.

Psychiatric Cost Allocation Methods – Allocation of mental health costs to each program is based on time studies.

Indigent Health Care Program – The Center provides care and treatment to those in their service area who meet the resource and income eligibility requirement and are unable to pay for such services at the time of service. See Note L for further disclosures of the Center's policy.

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable are reported at their estimated net realizable value. Details of accounts receivable as of June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Medicare (Net)	\$ 30,381	\$ 27,395
Medicaid ARKids First	16,626	14,002
Medicaid Horizon	-	6,362
Medicaid / PASSE	107,345	131,047
Forensic	4,200	15,700
State Appropriations	33,232	60,837
Youth Services	94,400	88,900
Substance Abuse Contract	62,448	53,448
Foster Care	15,416	19,112
Other	42,452	33,053
USAC	-	7,685
River Ridge Assessment Fees	57,947	35,564
Split Rail Medicaid	(558)	2,985
Title XX	1,297	4,526
Self-Pay and Insurance Patients	913,974	766,794
Less Allowance for Doubtful Accounts	<u>(585,838)</u>	<u>(501,958)</u>
Total Accounts Receivable	793,322	765,452
*Reserve for Disallowed Charges	<u>(200,000)</u>	<u>(200,000)</u>
Net Accounts Receivable	<u>\$ 593,322</u>	<u>\$ 565,452</u>

* - This reserve was established as an allowance for future audits by funding agencies.

NOTE C – PREPAID EXPENSES

The following is a summary of the prepaid expenses as of June 30,

	<u>2023</u>	<u>2022</u>
Center Liability Insurance	\$ 45,991	\$ 43,191
Software Costs and Other Prepaid Items	14,935	8,650
Total Prepaid Expenses	<u>\$ 60,926</u>	<u>\$ 51,841</u>

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE G – NOTES PAYABLE (CONTINUED)

The amount of required principal payments as of June 30, 2023, is as follows:

Year Ended June 30,	
2024	\$ 12,529
2025	12,765
2026	13,598
2027	14,485
2028	<u>223,432</u>
Total payments	276,809
Less current portion	(12,529)
Total long-term debt	<u><u>\$ 264,280</u></u>

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets with donor restrictions consisted of Arkansas State Highway and Transportation Department grants in the amount of \$15,096 and \$23,330, respectively.

NOTE I – NET PATIENT SERVICE REVENUE AND THIRD-PARTY SETTLEMENTS

The Center has agreements with third-party payers that provide for reimbursement to the Center at amounts different from its established rates. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, fee schedules, per diems, discounts from established charges and prompt payment discounts. Contractual adjustments under third-party reimbursement programs represent the difference between the Center's established rates for services and amounts reimbursed by third-party payers. A summary of the basis for reimbursement with major third-party payers is as follows:

Services rendered to Medicaid and Medicare recipients are primarily reimbursed according to prospectively determined rates for outpatient services. These rates vary according to patient classification systems which are based on clinical, diagnostic, and other factors.

The Center also has entered into contractual agreements with certain other commercial insurance carriers and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, per diems, fee schedules, discounted fee-for-service rates and other similar contractual arrangements. These revenues are also subject to review and audit by the payers.

Contractual adjustments arising under reimbursement agreements with third-party payers are estimated based on historical trends and management's knowledge of changes in contractual agreements. These adjustments are recognized in the period the related services are rendered and adjusted in future periods as final settlements are determined.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE J – LEASING ARRANGEMENTS AS LESSEE (CONTINUED)

2. Copier machine located in Texarkana, Arkansas. This lease is effective January 6, 2023, to April 6, 2026, and is non-cancelable during the initial lease term. At the end of the initial lease term and upon 30-day notice, the Center may return the equipment to the lessor or purchase the equipment at its fair market value; however, it is not reasonably certain that management will purchase the equipment at the end of the initial lease term. The lease requires monthly payments of \$161 through the end of the lease term. All remaining months are recognized as part of the Center's operating right-to-use assets and liabilities. A risk-free rate of return of 3.960% was used to calculate the total lease liability obligation through the end of the lease term.
3. Copier machine located in Hope, Arkansas. This lease is effective September 1, 2022, to December 1, 2027, and is non-cancelable during the initial lease term. At the end of the initial lease term and upon 30-day notice, the Center may return the equipment to the lessor or purchase the equipment at its fair market value; however, it is not reasonably certain that management will purchase the equipment at the end of the initial lease term. The lease requires monthly payments of \$330 through the end of the lease term. All remaining months are recognized as part of the Center's operating right-to-use assets and liabilities. A risk-free rate of return of 3.390% was used to calculate the total lease liability obligation through the end of the lease term.
4. Copier machine located in Texarkana, Arkansas. This lease is effective February 12, 2021, to May 12, 2026, and is non-cancelable during the initial lease term. At the end of the initial lease term and upon 30-day notice, the Center may return the equipment to the lessor or purchase the equipment at its fair market value; however, it is not reasonably certain that management will purchase the equipment at the end of the initial lease term. The lease requires monthly payments of \$200 through the end of the lease term. All remaining months are recognized as part of the Center's operating right-to-use assets and liabilities. A risk-free rate of return of 0.500% was used to calculate the total lease liability obligation through the end of the lease term.
5. Copier machine located in Texarkana, Arkansas. This lease is effective February 12, 2021, to May 12, 2026, and is non-cancelable during the initial lease term. At the end of the initial lease term and upon 30-day notice, the Center may return the equipment to the lessor or purchase the equipment at its fair market value; however, it is not reasonably certain that management will purchase the equipment at the end of the initial lease term. The lease requires monthly payments of \$145 through the end of the lease term. All remaining months are recognized as part of the Center's operating right-to-use assets and liabilities. A risk-free rate of return of 0.500% was used to calculate the total lease liability obligation through the end of the lease term.
6. Copier machine located in Prescott, Arkansas. This lease is effective October 1, 2019, to January 1, 2025, and is non-cancelable during the initial lease term. At the end of the initial lease term and upon 30-day notice, the Center may return the equipment to the lessor or purchase the equipment at its fair market value; however, it is not reasonably certain that management will purchase the equipment at the end of the initial lease term. The lease requires monthly payments of \$451 through the end of the lease term. All remaining months are recognized as part of the Center's operating right-to-use assets and liabilities. A risk-free rate of return of 1.510% was used to calculate the total lease liability obligation through the end of the lease term.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE J – LEASING ARRANGEMENTS AS LESSEE (CONTINUED)

The components of lease expense were as follows:

<u>Lease Cost</u>	<u>2023</u>
Operating lease cost	\$ 43,130
Total lease cost	<u>\$ 43,130</u>

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 43,130
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Right-of-use assets obtained in exchange for new lease obligations:

Operating leases	\$ 184,601
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Weighted Average Remaining Lease Term

Operating leases	4.6 years
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Weighted Average Discount Rate

Operating leases	2.15%
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Future minimum lease payments for operating leases under non-cancelable leases as of June 30, 2023, were as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Future</u> <u>Payments Due</u>
2024	\$ 45,780
2025	43,074
2026	39,195
2027	34,296
2028	31,858
Total lease payments	194,203
Less: Imputed interest	(9,602)
	<u>\$ 184,601</u>

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE L – INDIGENT HEALTH CARE PROGRAM

The Center has an indigent health care program for new or existing patients depending on the circumstances of the patients served. The Center follows the requirements of the agreements that have been made with hospitals, community mental health centers and residential care facilities. Hospitalization and residential rates have been predetermined with other providers. Hospital care is limited to 3 days, and can only be resumed upon approval by the Center's Quality Assurance Director. If denied, the Center withdraws further care from the patient. Other indigent care is based on the *Federal Poverty Guidelines* (FPG) as published by the Department of Health and Human Services. Applicants must provide accurate proof of residency and financial information when completing the appropriate application. Misrepresentation of these facts may be cause for denial of assistance. Indigent care assistance is only considered after all efforts have been dismissed and efforts to obtain third-party coverage has been exhausted. This program does not discriminate based on race, religion, sex or national origin.

The Center maintains records to identify and monitor the level of indigent services it provides. These records include the number of charges foregone for services and supplies furnished without regard to the patient's ability to pay. The direct costs and expenses incurred to provide indigent services for the year ended June 30, 2023 and 2022, were \$150,140 and \$106,975, respectively.

NOTE M – CONCENTRATIONS AND CREDIT RISK

Revenue from the Medicaid and Medicare programs accounted for approximately 53.7% and 7.4% as of June 30, 2023, and 61.2% and 8.5% as of June 30, 2022, respectively of the Center's gross patient revenues.

The laws and regulations under which the Medicaid and Medicare programs operate are complex, subject to frequent change and are subject to interpretation appropriate to the circumstances. As part of operating under these programs, there is a possibility that governmental authorities may review the Center's compliance with these laws and regulations. Such reviews may result in adjustments to reimbursements previously received and subject the Center to fines and penalties. Management believes they have complied with the requirements of the Medicaid and Medicare programs; however, \$200,000 has been reserved for future Medicaid and Medicare audits.

The Center provides mental health services to residents of Southwest Arkansas. Payment for these services is made by the clients or through funding agreements with the State of Arkansas, other third-party payors, and area industries. The Center could sustain losses to the extent of the outstanding receivables should the parties fail to perform as contracted.

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, 2023 and 2022, the Center's cash balances were underinsured by approximately \$2,877,676 and \$2,086,453, respectively.

NOTE N – 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 possible 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.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE R – SUBSEQUENT EVENTS

The Center has evaluated subsequent events through March 20, 2024, the date on which the financial statements were available to be issued and has determined that no disclosures are necessary.

NOTE S – CHANGE IN ACCOUNTING STANDARDS

On July 1, 2022, the Center adopted the provisions of FASB ASU 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about the Center's leasing arrangements. Financial statements for the year ended June 30, 2023, are presented under FASB Topic 842. The ASU has been applied with a modified retrospective approach for the year ended June 30, 2023, to all periods presented with no effect on net assets or previously issued financial statements.

INTERNAL CONTROL AND COMPLIANCE SECTION



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

To the Board of Directors of
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, 2023, and the related statements of activities, cash flows, and program costs (by cost center) for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2024.

Report on 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) 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 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 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 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 or significant deficiencies may exist that were not identified.

Report on 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 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*.

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 PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 20, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on 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 identified as subject to audit in the *OMB 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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 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 Center 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 each major federal program. Our audit does not provide a legal determination of the Center'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 Center's federal programs.

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

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 Center'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 Center's compliance with the requirements of each 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 Center'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 Center'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 Center'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 a 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.

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

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 were not 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.


CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 20, 2024

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I - Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
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Internal control over financial reporting:

Material weakness(es) identified?	None Reported
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Significant deficiencies identified?	None Reported
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Noncompliance material to the financial statements?	None Reported
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	None Reported
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Significant deficiencies identified?	None Reported
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Type of auditor's report issued on compliance for major programs.	Unmodified
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Findings disclosed in the audit which are required to be reported in Accordance with 2 CFR 200.516(a)	None Reported
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Programs audited as major:

Temporary Assistance for Needy Families (TANF)	AL #93.558
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Threshold used to distinguish between Type A and Type B programs.	\$750,000
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Southwest Arkansas Counseling and Mental Health Center, Inc. qualified as a low-risk auditee.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023

Finding 2022-001

Significant Deficiency

Internal Control and Compliance

Summary:

In the prior year, we noted instances where management did not perform reconciliations on a timely basis for accounts such as the cash clearing account, accounts payable, and other accounts.

Conclusion:

The finding was corrected during the current year.

SUPPLEMENTAL INFORMATION

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Health and Human Services:			
Grants Passed Through the Arkansas Department of Health and Human Services:			
MaryLee Allen Promoting Safe and Stable Families (PSSF)	93.556	4600044367	\$ 2,500
Youth Services - Temporary Assistance for Needy Families (TANF)	93.558	4600046577	384,163
Therapeutic Foster Care	93.658	4600044406	133,733
Block Grants for Community Mental Health Services	93.958	4600044367	246,577
COVID-19 - Block Grants for Community Mental Health Services	93.958	4600044367	32,400
Social Services Block Grant (SSBG):			
Title XX	93.667	4600043773	23,117
Block Grants for Prevention and Treatment of Substance Abuse - Department of Community Correction (DCC)	93.959	4600036875	340,920
COVID-19 - Division of Aging, Adult, and Behavioral Health Services (DAABHS) Substance Abuse Block Grant (SABG)	93.959	4600036875	137,803
COVID-19 - DAABHS - SABG - Infrastructure Grant	93.959	4600036875	125,000
Total Passed Through the Arkansas Department of Health and Human Services			1,426,213
Medicaid Cluster:			
Grants Passed Through Empower Healthcare Solutions, LLC:			
COVID-19 - ARPA Medical Assistance Program - Workforce Improvement Provider Incentive Program	93.778	N/A	37,855
Total Passed Through Empower Healthcare Solutions, LLC:			37,855
Grants Passed Through Centene Management Company, LLC:			
COVID-19 - ARPA Medical Assistance Program - Workforce Improvement Provider Incentive Program	93.778	N/A	7,411
Total Passed Through Centene Management Company, LLC:			7,411
Grants Passed Through Arkansas Provider Coalition (APC) PASSE, LLC d/b/a Summit Community Care:			
COVID-19 - ARPA Medical Assistance Program - Workforce Improvement Provider Incentive Program	93.778	N/A	73,872
Total Passed Through Arkansas Provider Coalition (APC) PASSE, LLC d/b/a Summit Community Care:			73,872

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant Period	Total Program Revenues	Total Program Expenditures
Arkansas Department of Human Services:			
Forensics	7/1/22 - 6/30/23	\$ 94,300	\$ 94,300
State Appropriation - General	7/1/22 - 6/30/23	796,335	796,335
Social Services Block Grant - Title XX	7/1/22 - 6/30/23	13,598	13,598
Youth Services - Base	7/1/22 - 6/30/23	1,357,385	1,357,385
Youth Services - Sanctions	7/1/22 - 6/30/23	252,901	252,901
Youth Services - Field Evaluations	7/1/22 - 6/30/23	119,500	119,500
Drug and Alcohol Safety Education Program	7/1/22 - 6/30/23	86,492	86,492
Treatment Services State General Revenue	7/1/22 - 6/30/23	57,725	57,725
Foster Care (Title IV)	7/1/22 - 6/30/23	275,024	275,024
Therapeutic Counseling	7/1/22 - 6/30/23	97,831	97,831
Total Arkansas Department of Human Services		3,151,091	3,151,091
Total State Awards		\$ 3,151,091	\$ 3,151,091

Note to Schedule of Expenditures of State Awards:

This schedule is prepared on the accrual basis of accounting.

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
COMBINING SCHEDULE OF ACTIVITIES BY FUNDING SOURCE (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Horizon Mental Health Treatment Program	Substance Abuse Source		River Ridge	County Heights	Total
		DWI	Substance Abuse			
Revenues						
Patient Service Revenue:						
Patient Fees Self Pay	\$ 43,493	\$ -	\$ 17,773	\$ 55,675	\$ -	\$ 317,180
Patient Fees Insurance	39,764	-	39	324,301	-	993,882
Medicaid	640,293	-	186	-	-	1,741,554
Medicare	67,469	-	-	-	-	240,451
Total Patient Service Revenue	791,019	-	17,998	379,976	-	3,293,067
Charitable Allowance	(2,342)	-	(1,618)	-	-	(48,081)
Gross Patient Service Revenue	788,677	-	16,380	379,976	-	3,244,986
Contractual Adjustments	(12,453)	-	-	(14,720)	-	(476,370)
Provision for Bad Debt	(83,536)	-	(1,783)	(7,598)	-	(335,774)
Net Patient Service Revenue	692,688	-	14,597	357,658	-	2,432,842
Program Revenue:						
Grant Contracts	-	212,541	47,506	351,139	-	3,251,948
Other Contracts	-	125,000	37,565	-	-	218,132
State General Appropriation	-	-	-	-	-	796,335
Forensics	-	-	-	-	-	94,300
Mental Health Block Grant	-	-	-	-	-	246,577
ARPA Workforce Stabilization Incentive	-	-	-	-	-	152,017
Therapeutic Counseling	6,570	-	-	-	-	97,231
Title XX	-	-	-	-	-	36,715
Total Program Revenue	6,570	337,541	85,071	351,139	-	4,893,255
USAC Grant	22,850	-	-	-	-	91,401
Investment Income	-	-	-	-	-	105,238
Loss on Disposal of Fixed Assets	-	-	-	-	-	(772)
Rental Income	-	-	-	-	26,400	44,613
PASSE Provider Fund Settlement	-	-	-	-	-	48,017
Miscellaneous Income	-	20,086	-	-	-	69,277
Fund Transfers without Donor Restrictions	13,308	(127,243)	1,499	(69,765)	56,282	-
Total Revenues	735,416	230,384	101,167	639,032	82,682	7,683,871
Expenses						
Acute Care	-	-	-	-	-	150,140
Auto Expense	4,803	-	-	2,856	1,132	12,568
Board Expense	-	-	-	-	-	9,229
Client Medical Expense/Transportation	-	-	-	19	-	19
Clinical Expense	18	-	-	-	-	1,112
Conference and Registration	750	221	86	336	79	11,658
Data Processing Expense	14,204	4,001	2,008	15,110	1,018	170,512
Depreciation and Amortization	2,307	2,099	-	20,544	14,522	123,039
Drug Expense	404	4,361	1,747	2,304	-	14,366
Dues and Publications	24	7	3	59	2	24,203
Food	28,262	-	-	42,133	-	87,104
Fringe Benefits	79,996	29,790	11,083	68,693	8,569	770,856
Insurance	25,360	6,293	3,147	24,840	1,774	204,176
Interest Expense	-	-	-	-	-	14,909
Janitorial Services and Supplies	1,504	168	104	20,976	1,971	97,126
Legal and Accounting Fees	7,128	2,037	1,016	7,128	511	60,100
Miscellaneous	66	-	75	144	1,686	94,421
Office Supplies	565	957	135	2,615	105	26,577
Other Purchased Services	11,592	-	75	28,142	-	749,307
Postage	594	616	-	20	-	9,893
Recreation and Resocialization	4,787	-	-	3,802	342	13,178
Recruitment and Training	-	31,919	-	-	-	54,686
Rent-Lease Payments	6,872	4,200	-	1,058	-	91,039
Repairs and Maintenance	3,803	218	-	9,739	2,530	53,650
Salaries	464,460	124,073	77,133	329,905	30,465	4,223,061
Small Furniture and Appliances	-	-	36	2,800	155	13,580
Telephone	33,395	8,676	246	10,484	9,940	237,256
Travel	527	10,748	2,212	3,005	7	94,929
Utilities	43,995	-	2,061	42,320	7,874	178,583
Total Expenses	735,416	230,384	101,167	639,032	82,682	7,591,277
Increase in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,594

OTHER INFORMATION



**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROLS
OVER STATISTICAL INFORMATION**

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

We have examined management of Southwest Arkansas Counseling and Mental Health Center, Inc.'s (the Center's) assertion that the Center maintained effective internal control over compliance with the statistical information system for documenting and appropriately reporting data regarding staff activities, units of service, and recipients of services for the year ended June 30, 2023, based on criteria outlined below. The Center's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Because of inherent limitations in any internal control, noncompliance may occur and not be detected. Also, projections of an evaluation of internal control over compliance to future periods are subject to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The principal internal control criteria regarding reliable reporting of client and community services data by the Center are the promotion of accurate and complete documentation of client admissions and discharges and the promotion of accurate and appropriate documentation of services rendered to clients and the community.

In our opinion, management's assertion that the Center maintained effective internal control over compliance with the statistical information system for documenting and appropriately reporting data regarding staff activities, units of service, and recipients of services for the year ended June 30, 2023, based on criteria outlined above, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Directors, management, the Arkansas Department of Human Services, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Thomas & Thomas, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 20, 2024



INDEPENDENT ACCOUNTANT'S REPORT ON STATISTICAL INFORMATION

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

We have examined the accompanying schedules of statistical data and units of service of Southwest Arkansas Counseling and Mental Health Center, Inc. (the Center) for the years ended June 30, 2023 and 2022. The Center's management is responsible for the schedules. Our responsibility is to express an opinion on the schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and auditing standards promulgated by the Arkansas Department of Human Services. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedules fairly present, in all material respects, the number of direct clients served, number of direct client and community and education units of service provided, and the cost per unit of service. An examination involves performing procedures to obtain evidence about the schedules of statistical data and units of service. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the schedules of statistical data and units of service present fairly, in all material respects, the number of direct clients served, number of direct client and community and education units of service provided, and the cost per unit of service for the years ended June 30, 2023 and 2022.

This report is intended solely for the information and use of the Board of Directors, management, the Arkansas Department of Human Services, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Thomas & Thomas, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
March 20, 2024

SOUTHWEST ARKANSAS COUNSELING AND MENTAL HEALTH CENTER, INC.
SCHEDULES OF STATISTICAL DATA AND UNITS OF SERVICE
YEARS ENDED JUNE 30, 2023 AND 2022

	2023		2022	
Outpatient Services				
Total cost of services	$\frac{\$ 3,700,320}{41,380}$	= \$ 89.42	$\frac{\$ 3,477,310}{43,972}$	= \$ 79.08
Service events				
Clients served	2,372		2,520	
Day Treatment				
Total cost of services	$\frac{\$ 256,024}{12,251}$	= \$ 20.90	$\frac{\$ 337,566}{13,443}$	= \$ 25.11
Service events				
Clients served	20		26	
Emergency Services				
Total cost of services	$\frac{\$ 5,905}{646}$	= \$ 9.14	$\frac{\$ 10,029}{772}$	= \$ 12.99
Service events				
Clients served	292		322	

Note:

1) Expenses reported above include both direct and indirect costs charged to the various programs. Certain direct costs of the medical services program have been allocated to the other service units which benefited, through revenue recognition, from tasks performed by medical services.