

West Central Services, Inc.  
d/b/a West Central Behavioral Health

FINANCIAL STATEMENTS

June 30, 2023

West Central Services, Inc.  
d/b/a West Central Behavioral Health  
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**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
West Central Services, Inc.  
d/b/a West Central Behavioral Health

### **Opinion**

We have audited the accompanying financial statements of West Central Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of operations and cash flows 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 West Central Services, Inc. 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. 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 West Central Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Central Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 West Central Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about West Central Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 16-19 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kittell, Brannagan + Sargent*

West Central Services, Inc. d/b/a West Central Behavioral Health  
STATEMENTS OF FINANCIAL POSITION  
June 30,

ASSETS

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,313,640	\$ 4,571,313
Certificates of deposit	2,497,595	-
Investments	1,590,299	961,700
Restricted cash	82,853	86,253
Accounts receivable - trade, net	365,853	354,401
Accounts receivable - other	466,882	366,232
Prepaid expenses	114,235	139,027
<b>TOTAL CURRENT ASSETS</b>	<u>7,431,357</u>	<u>6,478,926</u>
 <b>PROPERTY &amp; EQUIPMENT, NET</b>	 <u>577,354</u>	 <u>664,481</u>
 <b>OTHER ASSETS</b>		
Right to use asset	1,718,961	-
Deposits	29,321	26,880
<b>TOTAL OTHER ASSETS</b>	<u>1,748,282</u>	<u>26,880</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 9,756,993</u>	 <u>\$ 7,170,287</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 72,499	76,992
Accrued payroll and related expenses	112,872	160,905
Deferred revenue	57,604	381,415
MOE payback liability	278,507	426,863
Deposits and other current liabilities	7,514	6,166
Current portion of operating lease liability	598,987	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,127,983</u>	<u>1,052,341</u>
 <b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current portion	543,715	543,715
Operating lease liability, less current portion	1,140,187	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,683,902</u>	<u>543,715</u>
 <b>TOTAL LIABILITIES</b>	 <u>2,811,885</u>	 <u>1,596,056</u>
 <b>NET ASSETS</b>		
Net Assets without donor restrictions	6,596,438	5,358,067
Net Assets with donor restrictions	348,670	216,164
<b>TOTAL NET ASSETS</b>	<u>6,945,108</u>	<u>5,574,231</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 9,756,993</u>	 <u>\$ 7,170,287</u>

See Accompanying Notes to Financial Statements.

West Central Services, Inc. d/b/a West Central Behavioral Health  
**STATEMENTS OF OPERATIONS**  
For the Years Ended June 30,

	2023			2022
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUES</b>				
Public support -				
State of New Hampshire -- BBH	\$ 909,153	\$ -	\$ 909,153	\$ 1,040,394
Other public support	173,318	226,402	399,720	503,661
Grants	1,117,977	-	1,117,977	708,110
Net assets released from restriction	93,896	(93,896)	-	-
Total public support	<u>2,294,344</u>	<u>132,506</u>	<u>2,426,850</u>	<u>2,252,165</u>
Revenues -				
Program service fees	7,673,526	-	7,673,526	8,492,905
Contracted services	336,401	-	336,401	301,786
Rental income	170,930	-	170,930	158,390
Other revenues	401,618	-	401,618	381,437
Total Revenues	<u>8,582,475</u>	<u>-</u>	<u>8,582,475</u>	<u>9,334,518</u>
 TOTAL PUBLIC SUPPORT AND REVENUES	 <u>10,876,819</u>	 <u>132,506</u>	 <u>11,009,325</u>	 <u>11,586,683</u>
 <b>EXPENSES</b>				
Adult Maintenance	2,665,318	-	2,665,318	2,638,396
Adult Vocational	109,251	-	109,251	116,993
Children	2,760,887	-	2,760,887	3,092,799
ACT Team	731,143	-	731,143	683,772
Emergency Services	992,505	-	992,505	890,540
Housing services	1,234,924	-	1,234,924	1,463,109
General adult	108,303	-	108,303	265,009
Bridges	373,973	-	373,973	348,058
Other program services	825,254	-	825,254	364,532
 TOTAL EXPENSES	 <u>9,801,558</u>	 <u>-</u>	 <u>9,801,558</u>	 <u>9,863,208</u>
 CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	 <u>1,075,261</u>	 <u>132,506</u>	 <u>1,207,767</u>	 <u>1,723,475</u>
 <b>OTHER INCOME</b>				
Investment Income (loss)	163,110	-	163,110	(133,619)
 TOTAL INCREASE IN NET ASSETS	 1,238,371	 132,506	 1,370,877	 1,589,856
 NET ASSETS, BEGINNING OF YEAR	 <u>5,358,067</u>	 <u>216,164</u>	 <u>5,574,231</u>	 <u>3,984,375</u>
 NET ASSETS, END OF YEAR	 <u>\$ 6,596,438</u>	 <u>\$ 348,670</u>	 <u>\$ 6,945,108</u>	 <u>\$ 5,574,231</u>

See Accompanying Notes to Financial Statements.

West Central Services, Inc. d/b/a West Central Behavioral Health  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,370,877	\$ 1,589,856
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	93,115	105,294
Loss on sale of BIS	-	(22,300)
Loss on disposal of assets	-	(4,240)
(Increase) decrease in the following assets:		
Accounts receivable - trade	(11,452)	(2,523)
Accounts receivable - other	(100,650)	(56,920)
Prepaid expenses	24,792	(22,548)
Restricted cash	3,400	6,880
Security deposits	(2,441)	-
Right to use asset	(1,718,961)	-
Increase (decrease) in the following liabilities:		
Accounts payable	(4,493)	(26,969)
Accrued payroll and related expenses	(48,033)	(130,156)
Deferred revenue	(323,811)	151,787
MOE payback liability	(148,356)	426,863
Deposits and other current liabilities	1,348	(45,616)
Operating lease liabilities	<u>1,739,174</u>	<u>-</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>874,510</u>	<u>1,969,408</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of asset	-	9,748
Proceeds from sale of Investment in BIS	-	137,176
Purchase of property and equipment	(5,988)	(164,313)
Investment activity, net	<u>(3,126,194)</u>	<u>137,085</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(3,132,182)</u>	<u>119,696</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on line of credit	112,074	94,168
Repayment on line of credit	<u>(112,074)</u>	<u>(94,168)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,257,673)	2,089,104
<b>CASH AT BEGINNING OF YEAR</b>	<u>4,571,313</u>	<u>2,482,209</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 2,313,640</u></u>	<u><u>\$ 4,571,313</u></u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Cash paid during the year for interest	<u><u>\$ 18</u></u>	<u><u>\$ 9</u></u>

See Accompanying Notes to Financial Statements.

West Central Services, Inc.  
d/b/a West Central Behavioral Health  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

West Central Services, Inc. d/b/a West Central Behavioral Health (the Center) is a not-for-profit corporation, organized under New Hampshire law to provide services in the areas of mental health and related non-mental health programs; it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Income Taxes

The Center is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not a private foundation. Therefore, no provision for income tax expense has been reflected in these financial statements.

Consideration has been given to uncertain tax positions. The federal income tax returns for the years ended after June 30, 2020, remain open for potential examination by major tax jurisdictions generally for three years after they were filed.

Basis of Presentation

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



West Central Services, Inc.  
d/b/a West Central Behavioral Health  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Center considers cash on hand, cash in banks and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Investments

CD's purchased with a maturity of more than three months are classified as "held to maturity" and reported in the financial statements at amortized cost.

All equity securities held by the Center have readily determinable fair market values and are reported at fair value. Realized gains and losses are determined using the first-in, first-out (FIFO) method. Both realized and unrealized gains and losses on equity securities are reported in net income.

Accounts Receivable

Accounts receivable are recorded based on the amount billed for services provided, net of respective allowances.

Policy for Evaluating Collectability of Accounts Receivable

In evaluating the collectability of accounts receivable, the Center analyzes past results and identifies trends for each major payer source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts. Data in each major payer source is regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to clients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established for amounts outstanding for an extended period of time and for third-party payers experiencing financial difficulties; for receivables relating to self-pay clients, a provision for bad debts is made in the period services are rendered based on experience indicating the inability or unwillingness of clients to pay amounts for which they are financially responsible.

Based on management's assessment, the Center provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Center has used reasonable collection efforts are written off through a change to the valuation allowance and a credit to accounts receivable.

During 2023, the Center decreased its estimated percentage in the allowance for doubtful accounts to 26% from 31% of the total patient receivables. The allowance for doubtful accounts decreased to \$127,629 as of June 30, 2023 from \$157,842 as of June 30, 2022.

Property and Equipment

All property and equipment is recorded at cost, or estimated fair value at date of acquisition. The Center follows the policy of charging to costs and expenses annual amounts of depreciation, which allocates the cost of property and equipment over estimated useful lives. The Center has a policy of capitalizing assets with a cost in excess of \$1,000 and a life greater than one year. The Center uses the straight-line method for determining the annual charge for depreciation. Asset lives range from 2-40 years.

West Central Services, Inc.  
d/b/a West Central Behavioral Health  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized.

The Center reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

Client Service Revenue

On July 1, 2020, the Center adopted ASC Topic 606 with no significant impact to its financial position or operations, using the modified retrospective method.

Client Service Revenue is reported at the amount that reflects the consideration the corporation expects to receive in exchange for the services provided. These amounts are due from patients or third-party payers and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Client service revenue is recognized as performance obligations are satisfied. The Center recognized revenue for mental health services in accordance with ASC 606, Revenue for contracts with Customers. The Center has determined that these services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. The Center receives revenues for services under various third-party payer programs which include Medicaid and other third-party payers. The transaction price is based on standard charges for services provided to clients, reduced by applicable contractual adjustments, discounts, and implicit pricing concessions. The estimates of contractual adjustments and discounts are based on contractual agreements, discount policy, and historical collection experience. The corporation estimates the transaction price based on the terms of the contract with the payer, correspondence with the payer and historical trends.

Client service revenue (net of contractual allowances and discounts but before taking account of the provision for bad debts) recognized during the year ended June 30, 2023 totaled \$7,673,526, of which \$7,633,265 was revenue from third-party payers and \$40,261 was revenue from self-pay clients.

Third-Party Contractual Arrangements

A significant portion of patient revenue is derived from services to patients insured by third-party payers. The Center receives payment from Medicare, Medicaid, Blue Cross and other third-party payers at defined rates for services rendered to patients covered by these programs. The difference between the established billing rates and the actual rate of payment is recorded as allowances when received and/or billed. A provision for estimated contractual allowances is provided on outstanding patient receivables at the balance sheet date.

West Central Services, Inc.  
d/b/a West Central Behavioral Health  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State Grants

The Center receives a number of grants from and has entered into various contracts with the State of New Hampshire related to the delivery of mental health services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Vacation Pay and Fringe Benefits

Annual vacation allotments are granted to employees that are regularly scheduled to work 20 or more hours per week, if an employee works less than 37.5 hours per week the time earned will be prorated based on their FTE. Eligible employees are able to accrue hours starting at the beginning of each calendar year and accrued time is to be utilized by December 31<sup>st</sup>; with the exception of up to 5 days that is allowed to be carried over into the new calendar year. Fringe benefits are allocated to the appropriate program expense based on the percentage of actual time spent on the program.

Advertising

Advertising costs are expensed to operating expenses as incurred. Advertising expense for the years ended June 30, 2023, and 2022 was \$36,524 and \$32,770, respectively.

Concentration of Credit Risk

The Center maintains cash balances at several financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times throughout the year, cash balances with these institutions exceed that amount. The Center has not incurred any losses related to uninsured cash.

NOTE 2 CLIENT SERVICE REVENUES FROM THIRD PARTY PAYORS

The Center has agreements with third-party payors that provide payments to the Center at established rates. These payments include:

New Hampshire and Managed Medicaid

The Center is reimbursed for services from the State of New Hampshire and Managed Care Organizations (MCOs) for services rendered to Medicaid clients. The majority of the payments for these services are received in the form of monthly capitation amounts that are predetermined in a contractual agreement with the MCOs. Additionally, there are payments for services rendered to other Medicaid clients on the basis of fixed Fee for Service rates.

Approximately 93% and 90% of program service fees is from participation in the State and Managed Care Organization sponsored Medicaid programs for the years ended June 30, 2023 and 2022, respectively. Laws and regulations governing the Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates could change materially in the near term.

West Central Services, Inc.  
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NOTES TO FINANCIAL STATEMENTS  
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NOTE 2 CLIENT SERVICE REVENUES FROM THIRD PARTY PAYORS (continued)

As part of the contractual arrangement with the MCOs, the Center is required to provide a specific amount of services under an arrangement referred to as a Maintenance of Effort (MOE). Under the MOE, if levels of service are not met the Center may be subject to repayment of a portion of the revenue received. The MOE calculation is subject to interpretation and a source of continued debate and negotiations with MCOs. This MOE calculation may result in a liability that would require a payback to the MCOs. The Center has accrued an estimated payback of \$278,507 and \$426,863 for the years ended June 30, 2023 and 2022, respectively. These liabilities are included in other current liabilities on the statement of financial position.

NOTE 3 LIQUIDITY

The following reflects the Center's financial assets available within one year of June 30, 2023 for general expenditures are as follows:

Cash and Cash Equivalents	\$ 2,313,640
Accounts Receivable (net)	832,735
Certificates of deposit	2,497,595
Investments	<u>1,590,299</u>
Financial assets available within one year for general expenditures	<u>\$ 7,234,269</u>

Restricted deposits and reserves are restricted for specific purposes and therefore are not available for general expenditures. Investments in real estate and partnerships are not included as they are not considered to be available within one year.

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

NOTE 4 ACCOUNTS RECEIVABLE

Fee for service accounts receivable of the Center consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
ACCOUNTS RECEIVABLE - TRADE		
Medicaid	\$ 273,393	\$ 333,625
Medicare	22,575	18,363
Third party insurance companies	174,816	111,992
Clients	<u>22,698</u>	<u>48,263</u>
	493,482	512,243
Allowance for doubtful accounts	<u>(127,629)</u>	<u>(157,842)</u>
	<u>\$ 365,853</u>	<u>\$ 354,401</u>

West Central Services, Inc.  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4      ACCOUNTS RECEIVABLE (continued)

Other accounts receivable of the Center consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
ACCOUNTS RECEIVABLE - OTHER		
Various contracts	\$ 56,282	\$ 56,042
Bridges Housing Program	86,276	91,922
Bureau of Behavioral Health	176,521	99,422
MCO Directed Payments	58,040	118,846
CCBHC Grant	60,780	-
Accrued Interest	<u>28,983</u>	<u>-</u>
	<u>\$ 466,882</u>	<u>\$ 366,232</u>

NOTE 5      PROPERTY AND EQUIPMENT

The Center had property and equipment consisting of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 20,695	\$ 20,695
Building and improvements	834,639	838,114
Furniture, fixtures and equipment	422,587	415,973
Vehicles	81,842	81,842
Project in Progress	<u>19,753</u>	<u>16,905</u>
	1,379,516	1,373,529
Accumulated Depreciation	<u>(802,162)</u>	<u>(709,049)</u>
NET BOOK VALUE	<u>\$ 577,354</u>	<u>\$ 664,481</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$93,115 and \$105,294, respectively.

West Central Services, Inc.  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 6 INVESTMENTS

The Center has invested funds in various mutual funds with The Vanguard Group. The approximate breakdown of these investments are as follows at June 30,:

<u>2023</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
Certificate of Deposit	<u>\$ 2,500,000</u>	<u>\$ (2,405)</u>	<u>\$ 2,497,595</u>
Equity Funds	<u>\$ 1,387,781</u>	<u>\$ 202,518</u>	<u>\$ 1,590,299</u>
 <u>2022</u>	 <u>Cost</u>	 <u>Unrealized Gain (Loss)</u>	 <u>Market Value</u>
Equity Funds	<u>\$ 830,956</u>	<u>\$ 130,744</u>	<u>\$ 961,700</u>

Investment income consisted of the following at June 30,:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 86,377	\$ 19,967
Realized gains	7,364	20,994
Unrealized gains (losses)	<u>69,369</u>	<u>(174,580)</u>
	<u>\$ 163,110</u>	<u>\$ (133,619)</u>

The Center entered into a joint venture with another New Hampshire Community Mental Health Center. Under the terms of the venture, the Center invested \$88,625 for a 50% interest in the new company, Behavioral Information Systems, LLC (BIS). The investment was being accounted for under the equity method. Accordingly, 50% of the BIS operating activity for the year is reflected on the books of the Center. The Center's recorded operating gains for the years ended June 30, 2023 and 2022 was \$0 and \$5,727, respectively.

The Center sold its 50% investment in BIS on December 31, 2021, for \$137,176 for a gain of \$22,301 which is recorded in other revenues on the statement of functional revenues for the year ended June 30, 2022.

West Central Services, Inc.  
d/b/a West Central Behavioral Health  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 7 FAIR VALUE MEASUREMENTS

Professional accounting standards established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

All investments recorded at fair value are categorized as Level 1 and recorded at fair value, as of June 30, 2023. As required by professional accounting standards, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

NOTE 8 DEFERRED REVENUE

The Center's deferred revenue consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
ARPA Grant	\$ 31,604	\$ 140,415
Future Operating Expenses	15,000	30,000
Scholarship Program	-	200,000
Bridge Program	<u>11,000</u>	<u>11,000</u>
	<u>\$ 57,604</u>	<u>\$ 381,415</u>

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NOTE 9 LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Affordable Housing Fund, 0% interest, 30 years, payment based on 50% surplus cash flow from High Street property, due September 2034.	\$ 543,715	\$ 543,715

Aggregate principal payments on long-term debt due within the next five years and in the aggregate are as follows:

Year Ending June 30,	Amount
2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	<u>543,715</u>
	<u>\$ 543,715</u>

No interest expense was incurred on the above long-term debt during the years ended June 30, 2023, and 2022.

NOTE 10 LINE OF CREDIT

As of June 30, 2023 and 2022, the Center had available a line of credit with maximum amounts available of \$500,000, and collateralized by all property and the investment account held with Vanguard. The amount available is limited to 75% of receivables less than 90 days old. As of June 30, 2023 and 2022, the outstanding balance was \$-0-. The effective interest rate at June 30, 2023 and 2022 was 8.0% and 3.5%, respectively. Interest expense on the line of credit was \$18 and \$9 for the years ended June 30, 2023 and 2022, respectively. The line of credit expires in April 2024.



West Central Services, Inc.  
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June 30, 2023

NOTE 11 RELATED PARTY TRANSACTIONS

Behavioral Information Systems, LLC (BIS)

The Center was a 50% owner in BIS for which it contracts for management information systems and information technology support. During June 30, 2023 and 2022, the Center paid BIS \$0 for services rendered. At June 30, 2023 and 2022, the Center owed BIS \$0 for current services. The Center sold its investment in BIS effective December 31, 2021.

The Geisel School of Medicine at Dartmouth

The Center contracts with The Geisel School of Medicine at Dartmouth (Geisel) for a variety of services provided by clinical personnel. During fiscal years ended June 30, 2023 and 2022 the Center paid \$218,643 and \$256,538, respectively.

NOTE 12 EMPLOYEE RETIREMENT PLAN

The Center maintains a tax deferred employee retirement plan for its employees. The plan is a defined contribution plan that covers substantially all full-time employees who meet certain eligibility requirements. The Center reinstituted a match which was effective in January, 2020 and all eligible employees receive a 50% match for their first 4% of contributions. During the years ended June 30, 2023 and 2022, the total employer contributions into this retirement plan were of \$56,752 and \$58,424.

NOTE 13 CONCENTRATIONS OF CREDIT RISK

The Center grants credit without collateral to its clients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables due from clients and third-party payers is as follows:

	<u>2023</u>	<u>2022</u>
Due from clients	5 %	9 %
Insurance companies	35	22
Medicaid	55	65
Medicare	<u>5</u>	<u>4</u>
	<u>100 %</u>	<u>100 %</u>

West Central Services, Inc.  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 14      OPERATING LEASES

The Center leases real estate and equipment under various operating leases. The determination of whether an arrangement is a lease is made at the inception of the lease. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed in a way that eliminates their rights. The allocation of consideration in the contract is recognized on a straight line basis over the term of the lease.

The Center adopted FASB ASC 842 effective July 1, 2022. The Center has elected to apply the short-term lease cost exception to all leases with a term of one year or less. The Center has also elected not to restate comparative periods or separate lease and non-lease components by class of underlying assets.

The adoption of the standard resulted in an increase in operating lease right-of-use (ROU) asset of \$1,700,141, an increase in rent expense of \$20,209, and an increase in lease liability of \$1,720,350.

As of June 30, 2023, the ROU asset had a balance of \$1,718,961, as shown in noncurrent assets on the balance sheet, the lease liability is included in current liabilities for \$598,987 and long-term liabilities for \$1,140,187. The lease asset and liability were calculated utilizing the incremental borrowing rate at the inception of the lease.

Certain lease agreements include variable payments which are not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities. Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

	Year Ended <u>6/30/2023</u>
<b>Operating:</b>	
Operating Lease Cost, included in rent expense	\$ 562,797
Operating Lease Cost, included in equipment rent	14,951
Short-term leases, included in rent expense	91,341
Short-term leases, included in equipment rent	6,748
Variable lease payments, included in rent expense	<u>20,209</u>
 Total lease cost	 <u><u>\$ 696,046</u></u>
 <b>Cash flow Information:</b>	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flow from operating leases	<u><u>\$ 582,208</u></u>

West Central Services, Inc.  
d/b/a West Central Behavioral Health  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

NOTE 14 OPERATING LEASES (continued)

Weighted Average of remaining lease term:  
Operating Leases 5 Years

Weighted Average Discount Rate  
Operating Leases 6.00%

Maturities of operating lease liabilities as of June 30, 2023:

	Operating Leases
2024	\$ 601,291
2025	454,727
2026	318,010
2027	311,926
2028	281,968
Total	1,967,922
Less amounts representing interest	<u>(228,748)</u>
Present value of lease liabilities	<u>\$ 1,739,174</u>

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are restricted and summarized as follows as of June 30,:

	<u>2023</u>	<u>2022</u>
Children's Program	\$ 32,941	\$ 104,584
Student Loan Assistance Program	226,000	-
Integrated Care	77,394	98,265
Other Contributions with Restrictions	<u>12,335</u>	<u>13,315</u>
	<u>\$ 348,670</u>	<u>\$ 216,164</u>

The amounts above are temporarily restricted and the restricted net assets will become unrestricted once the restrictive purposes have been satisfied.

NOTE 16 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Center has evaluated subsequent events through September 12, 2023, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2023, have been incorporated into the basic financial statements herein.

## SUPPLEMENTARY INFORMATION

West Central Services, Inc. d/b/a West Central Behavioral Health  
ANALYSIS OF CLIENT SERVICE FEES  
For the Year Ended June 30, 2023

	<u>Accounts Receivable, Beginning</u>	<u>Gross Fees</u>	<u>Contractual Allowances &amp; Discounts</u>	<u>Cash Receipts</u>	<u>Accounts Receivable, Ending</u>
CLIENT FEES	\$ 48,263	\$ 485,458	\$ (445,196)	\$ (65,827)	\$ 22,698
OTHER INSURANCE	111,992	501,312	(148,655)	(289,833)	174,816
MEDICAID	333,625	8,018,330	(894,284)	(7,184,278)	273,393
MEDICARE	<u>18,363</u>	<u>410,418</u>	<u>(253,857)</u>	<u>(152,349)</u>	<u>22,575</u>
TOTALS	<u>\$ 512,243</u>	<u>\$ 9,415,518</u>	<u>\$ (1,741,992)</u>	<u>\$ (7,692,287)</u>	<u>\$ 493,482</u>

West Central Services, Inc.  
d/b/a West Central Behavioral Health  
ANALYSIS OF BUREAU OF BEHAVIORAL HEALTH REVENUES AND RECEIVABLES  
For the Year Ended June 30, 2023

	Receivable (Deferred Income) From BBH Beginning of Year	BBH Revenues Per Audited Financial Statements	Receipts for Year	Receivable (Deferred Income) from BBH End of Year
Contract Year, June 30, 2023	<u>\$ 99,422</u>	<u>\$ 909,153</u>	<u>\$ (832,054)</u>	<u>\$ 176,521</u>

Analysis of Receipts Date of Receipt Deposit Date	Amount
07/13/22	\$ 12,323
08/02/22	20,143
08/03/22	49,634
09/03/22	2,467
09/28/22	7,323
10/06/22	53,956
10/31/22	50,997
11/09/22	72,900
11/23/22	18,750
12/13/22	54,215
01/19/23	51,203
01/24/23	18,750
02/14/23	70,376
02/21/23	10,000
03/02/23	18,750
03/22/23	13,425
03/24/23	60,139
04/18/23	41,724
04/19/22	56,542
04/28/23	20,789
05/16/23	1,207
06/02/23	1,499
06/06/23	18,750
06/14/23	88,549
06/16/23	4,688
06/21/23	10,000
06/28/23	2,955
	<u>\$ 832,054</u>

West Central Services, Inc. d/b/a West Central Behavioral Health  
STATEMENT OF FUNCTIONAL REVENUES  
For the Year Ended June 30, 2023, with  
Comparative Totals for 2022

	<u>Total Agency</u>	<u>Total Programs</u>	<u>Adult Maintenance</u>	<u>Adult Vocational</u>	<u>Children</u>	<u>ACT Team</u>	<u>Emergency</u>	<u>Housing</u>	<u>General Adult</u>	<u>Bridges</u>	<u>Other Programs</u>	<u>2022</u>
Program Services Fees												
Net Client Fees	\$ 40,261	\$ 40,261	\$ 22,529	\$ 1,120	\$ 9,558	\$ 410	\$ 4,141	\$ 2,503	\$ -	\$ -	\$ -	\$ 125,220
Medicaid	7,124,045	7,124,045	1,528,403	55,825	3,214,597	492,090	250,905	1,582,224	-	-	-	7,683,512
Medicare	156,561	156,561	140,612	-	-	12,328	-	3,621	-	-	-	202,451
Other Insurance	352,659	352,659	128,624	-	204,768	10,430	8,625	206	-	-	6	481,722
Public Support - Other												
Local/County Gov't.	74,260	74,260	25,991	743	24,506	5,941	2,228	8,169	2,970	-	3,713	62,649
Donations/Contributions	303,584	303,584	113,944	2,913	96,119	23,301	8,738	32,040	11,651	-	14,878	427,757
Grants	639,752	639,752	291,141	5,304	230,183	26,432	10,162	36,844	13,216	-	26,470	658,417
Other Federal Grants	478,225	478,225	-	-	-	-	-	-	-	-	478,225	49,693
Other Public Support	21,876	21,876	-	-	21,876	-	-	-	-	-	-	13,255
BBH												
Community Mental Health	909,153	909,153	21,339	610	27,587	142,378	617,433	6,707	2,439	-	90,661	1,040,394
Other BBH	336,401	336,401	63,261	-	9,535	-	153,827	-	-	-	109,778	301,786
Rental Incomes	170,930	170,930	4,079	-	-	-	-	166,851	-	-	-	158,390
Other Revenues	<u>401,618</u>	<u>401,618</u>	<u>10,320</u>	<u>269</u>	<u>13,754</u>	<u>2,160</u>	<u>810</u>	<u>3,030</u>	<u>1,080</u>	<u>368,733</u>	<u>1,461</u>	<u>381,437</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>\$ 11,009,325</u>	<u>\$ 11,009,325</u>	<u>\$ 2,350,243</u>	<u>\$ 66,784</u>	<u>\$ 3,852,483</u>	<u>\$ 715,470</u>	<u>\$ 1,056,869</u>	<u>\$ 1,842,195</u>	<u>\$ 31,356</u>	<u>\$ 368,733</u>	<u>\$ 725,192</u>	<u>\$11,586,683</u>

West Central Services, Inc. d/b/a West Central Behavioral Health  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2023, with  
Comparative Totals for 2022

	Total Agency	Total Admin.	Total Programs	Adult Maintenance	Adult Vocational	Children	ACT Team	Emergency	Housing	General Adult	Bridges	Other Programs	2022
Personnel Costs:													
Salary &Wages	\$ 6,092,247	\$ 556,214	\$ 5,536,033	\$ 1,522,677	\$ 57,315	\$ 1,604,450	\$ 422,088	\$ 702,021	\$ 653,430	\$ 41,090	\$ 43,283	\$ 489,679	\$ 6,232,393
Employee Benefits	711,714	39,784	671,930	184,926	11,258	226,413	69,686	51,177	72,279	5,958	9,012	41,221	725,730
Payroll Taxes	436,382	46,540	389,842	105,632	4,002	107,870	30,300	52,237	48,016	2,964	3,185	35,636	432,349
Professional Fees:													
Professional Fees	303,502	30,032	273,470	84,265	1,614	111,829	12,914	4,843	18,688	6,457	555	32,305	328,017
Staff Devel. & Training:													
Staff Development	58,071	7,673	50,398	1,206	3	2,180	12	353	-	-	2	46,642	19,801
Occupancy Costs:													
Rent	959,997	23,000	936,997	186,655	13,678	170,733	55,295	67,304	111,906	4,293	292,324	34,809	869,593
Other Utilities	86,772	-	86,772	13,139	878	19,417	4,182	1,094	44,503	547	522	2,490	86,657
Maintenance and Repairs	75,731	6,005	69,726	10,775	608	16,165	3,269	3,488	31,706	673	1,109	1,933	46,098
Taxes	36,000	-	36,000	-	-	-	-	-	36,000	-	-	-	36,000
Other Occupancy Costs	207,866	-	207,866	72,603	4,741	70,118	16,523	23,291	5,842	2,125	955	11,668	224,409
Consumable Supplies:													
Office/Building/Household	42,180	9,247	32,933	7,009	585	4,260	2,485	6,904	9,648	-	461	1,581	55,941
Food	33,079	465	32,614	870	-	1,272	67	-	28,516	-	-	1,889	33,954
Equipment Rental	21,699	5,053	16,646	5,704	479	3,075	1,876	3,113	749	220	292	1,138	23,682
Equipment Maintenance	9,748	2,288	7,460	2,048	180	2,524	731	762	663	-	119	433	271
Depreciation	93,115	6,357	86,758	24,284	674	18,546	4,321	13,251	19,824	2,160	-	3,698	105,294
Advertising	36,524	-	36,524	1,922	55	1,812	439	165	604	-	-	31,527	32,770
Membership Dues	71,792	-	71,792	23,702	690	22,133	5,296	2,136	7,291	2,585	109	7,850	61,933
Telephone/Communications	83,192	17,503	65,689	21,564	678	19,032	3,717	8,538	8,768	624	614	2,154	89,556
Postage/Shipping	4,448	2,454	1,994	766	67	353	264	97	76	-	212	159	5,424
Transportation:													
Staff/Clients	66,920	6,260	60,660	17,111	677	12,581	13,403	766	2,170	-	1,707	12,245	60,778
Insurance:													
General/Liability	191,180	-	191,180	58,238	2,237	54,792	13,287	20,948	27,913	3,201	3,219	7,345	206,671
Interest Expense	58	-	58	20	1	19	5	2	6	2	-	3	9
Other Expenditures	179,341	30,303	149,038	51,235	1,146	37,715	9,505	6,961	16,443	4,665	943	20,425	185,878
<b>TOTAL EXPENSES</b>	<b>9,801,558</b>	<b>789,178</b>	<b>9,012,380</b>	<b>2,396,351</b>	<b>101,566</b>	<b>2,507,289</b>	<b>669,665</b>	<b>969,451</b>	<b>1,145,041</b>	<b>77,564</b>	<b>358,623</b>	<b>786,830</b>	<b>9,863,208</b>
Administrative Allocation	-	(789,178)	789,178	268,967	7,685	253,598	61,478	23,054	89,883	30,739	15,350	38,424	-
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 9,801,558</b>	<b>\$ -</b>	<b>\$ 9,801,558</b>	<b>\$ 2,665,318</b>	<b>\$ 109,251</b>	<b>\$ 2,760,887</b>	<b>\$ 731,143</b>	<b>\$ 992,505</b>	<b>\$ 1,234,924</b>	<b>\$ 108,303</b>	<b>\$ 373,973</b>	<b>\$ 825,254</b>	<b>\$ 9,863,208</b>