LOGAN-MINGO AREA MENTAL HEALTH, INC.

Audited Financial Statements

June 30, 2019 and 2018

LOGAN-MINGO AREA MENTAL HEALTH

Audited Financial Statements
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Logan-Mingo Area Mental Health, Inc.
Logan, West Virginia

We have audited the accompanying financial statements of Logan-Mingo Area Mental Health, Inc. (the Center), which comprise the statements financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2019 and the related notes to the financial statements. As discussed in the change in accounting principle section of footnote 2, the Center elected, in accordance with the provisions of ASU 2016-14, the option to not present the statement of functional expenses for the year ended June 30, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of BHHF Funded Fixed Assets and BHHF Funding Status/State Awards are presented for purposes of additional analysis as required by the West Virginia Department of Health and Human Resources, Bureau for Behavioral Health and Health Facilities (BHHF), and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
February 13, 2020

Logan-Mingo Area Mental Health, Inc.

STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	$ 342,893	$ 513,219
Accounts receivable, net	753,637	661,282
Grants receivable	584,546	428,618
Prepaids and other	14,636	16,239
Total current assets	1,695,712	1,619,358
Certificates of deposit	549,638	545,385
Property and equipment, less accumulated depreciation	810,378	1,037,864
Total assets	$ 3,055,728	$ 3,202,607

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities:		
Accounts payable	$ 32,447	$ 77,581
Accrued and withheld liabilities	285,453	271,789
Accrued annual leave	13,930	64,815
Vendor financing	-	99,585
Obligation under capital lease	-	11,106
Total current liabilities	331,830	524,876
Obligation under capital lease	-	59,825
Total liabilities	331,830	584,701
Net assets without donor restrictions	2,723,898	2,617,906
Total liabilities and net assets	$ 3,055,728	$ 3,202,607

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

Logan-Mingo Area Mental Health, Inc.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Net client revenue	$ 6,275,087	$ 5,362,987
Less: provision for bad debt	(190,833)	(60,938)
	6,084,254	5,302,049
State and federal grant	1,411,625	2,123,618
Local and county grant	12,657	12,657
Other operating income	312,670	316,254
Total revenues	7,821,206	7,754,578
Expenses and losses:		
Salaries and wages	5,210,767	4,569,602
Employee benefits and taxes	914,093	873,624
Contracted services	154,757	146,022
Facility	145,227	137,266
Repairs and maintenance	137,550	187,252
Rent	168,891	116,751
Travel	151,849	134,777
Food and drug	143,482	127,655
Office supplies	131,767	129,054
Telephone	64,426	57,629
Printing and postage	39,560	34,281
Professional fees	38,083	46,056
Subscriptions and books	18,091	14,352
Insurance	73,813	52,487
Accounting	123,979	110,222
Software	23,815	10,379
Pass through grant expense	-	45,438
Interest expense	857	8,630
Depreciation	144,093	157,351
Miscellaneous	1,368	6,827
Total expenses	7,686,468	6,965,655
Excess of revenues over expenses	134,738	788,923
Nonoperating revenues:		
Gain (loss) on disposal of fixed assets	(33,283)	1,900
Interest	4,537	2,779
Change in net assets	105,992	793,602
Net assets without donor restrictions, beginning of year	2,617,906	1,824,304
Net assets without donor restrictions, end of year	$ 2,723,898	$ 2,617,906

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

Logan-Mingo Area Mental Health, Inc.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services	Management and General	Total
Expenses:			
Salaries and wages	$ 4,285,327	$ 925,440	$ 5,210,767
Employee benefits and taxes	726,371	187,722	914,093
Contracted services	59,191	95,566	154,757
Facility	127,611	17,616	145,227
Repairs and maintenance	117,983	19,567	137,550
Rent	165,479	3,412	168,891
Travel	131,950	19,899	151,849
Food and drug	138,324	5,158	143,482
Office supplies	104,431	27,336	131,767
Telephone	33,335	31,091	64,426
Printing and postage	16,414	23,146	39,560
Professional fees	15,949	22,134	38,083
Subscriptions and books	-	18,091	18,091
Insurance	20,886	52,927	73,813
Accounting	33,958	90,021	123,979
Software	5,248	18,567	23,815
Interest expense	-	857	857
Depreciation	118,156	25,937	144,093
Miscellaneous	182	1,186	1,368
Total expenses	$ 6,100,795	$ 1,585,673	$ 7,686,468

Logan-Mingo Area Mental Health, Inc.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 105,992	$ 793,602
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Provision for bad debts	190,833	60,938
Depreciation	144,093	157,351
Loss on disposal of assets	33,283	1,900
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(283,188)	(435,765)
Grants receivable	(155,928)	(50,322)
Prepaids and other	1,603	(15,039)
Increase (decrease) in:		
Accounts payable	(45,134)	(30,383)
Accrued and withheld liabilities	13,664	27,380
Accrued annual leave	(50,885)	7,279
Net cash provided by (used in) operating activities	(45,667)	516,941
Cash flows from investing activities:		
Purchases of property and equipment	(20,821)	(145,520)
Purchases of certificates of deposit	(4,253)	(2,470)
Net cash used in investing activities	(25,074)	(147,990)
Cash flows from financing activities:		
Principal payments on capital lease obligations	-	(10,565)
Principal payments on vendor financing	(99,585)	-
Net payments on line of credit	-	(132,839)
Net cash used in financing activities	(99,585)	(143,404)
Net increase (decrease) in cash and cash equivalents	(170,326)	225,547
Cash and cash equivalents, beginning of year	513,219	287,672
Cash and cash equivalents, end of year	$ 342,893	$ 513,219
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital lease termination	$ 70,931	$ -
Donated vehicle	$ -	$ 40,174
Software acquired with vendor financing	$ -	$ 99,585
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash used for interest payments	$ 857	$ 8,630

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

1 – DESCRIPTION OF ORGANIZATION

Logan-Mingo Area Mental Health, Inc. (the Center) is a nonprofit, nonstock corporation organized under the laws of the State of West Virginia. The primary purpose of the Center is to collectively strengthen the behavioral healthcare system by providing a continuum of services to youth and adults that is responsive, accessible, high-quality and community based.

2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Revenues and expenses are recognized on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred. The Center recognizes grant revenues when qualifying expenditures are incurred.

Cash and Cash Equivalents

The Center considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Net Client Revenues

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Net client revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated contractual adjustments under reimbursement agreements with third party payors. Amounts received from Medicare and Medicaid programs are generally less than the established billing rates and the difference is reported as contractual adjustments and deducted from gross revenue. The Center has various contractual agreements which determine the amount to be received. The allowance for doubtful accounts is based on management's experience, analysis of the age of individual accounts, and likelihood of collection. An allowance for doubtful accounts of $26,830 was recorded at June 30, 2019, and $23,415 was recorded at June 30, 2018. Interest is not charged on past due balances.

Property and Equipment

Property and equipment are stated at cost. Major purchases and improvements are capitalized while repairs and maintenance are expensed as incurred. Donations of property and equipment are recorded as increases in unrestricted net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	5 - 40 years
Vehicles and equipment	5 - 15 years

Income Taxes

The Center is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management believes that it is no longer subject to income tax examinations for years prior to 2016.

Use of 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.

Excess of Revenues over Expenses

The Statement of Activities includes excess of revenues over expenses and changes in net assets for the year ending June 30, 2019 and 2018. The excess of revenues over expense include revenue and expenses considered to be associated with the operations of the Center. Changes in net assets include non-operating income which are excluded from the excess of revenue over expenses consistent with industry practice.

New Accounting Pronouncements

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Leases (Topic: 842): Leases (ASU 2016-02). The objective of ASU 2016-02 is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing agreements. On July 19, 2018, the FASB issued codification improvements to Topic 842, Leases (ASU 2018-10). The objective of ASU 2018-10 is to clarify how to apply certain aspects of the new leases standard. The amendments address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments, among other things. The effective date for the pronouncements is for fiscal years beginning after December 15, 2021. Early adoption of this pronouncement is permitted. Management is currently evaluating the impact this pronouncement will have on the Center's financial statements and has elected not to early implement this pronouncement at this time.

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). The objective of ASU 2014-09 is to establish the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The effective date for this pronouncement is for fiscal years beginning after December 15, 2018. Early adoption of this pronouncement is permitted. Management is currently evaluating the impact this pronouncement will have on the Center's financial statements and has elected not to early implement this pronouncement at this time.

Logan-Mingo Area Mental Health, Inc.

NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Change in Accounting Principles

On August 18, 2016, the FASB issued Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments of this ASU change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. The amendments include qualitative and quantitative requirements in the financial statement presentation and disclosures regarding net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. For the year ending June 30, 2019, the Center implemented the provisions ASU 2016-14. Accordingly, under the provisions of ASU 2016-14, the Center elected the option to omit the statement of functional expenses for the year ending June 30, 2018.

Subsequent Events

The Center's management has evaluated events and transactions occurring after June 30, 2019, through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. Subsequent to year end, the Center was notified that effective January 24, 2020, their application for FQHC look-alike designation was approved.

3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2019	2018
Cash and cash equivalents	$ 342,893	$ 513,219
Accounts receivable, net	753,637	661,282
Grants receivable	584,546	428,618
Certificates of deposit	549,638	545,385
	$ 2,230,714	$ 2,148,504

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.

4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quotes prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three observable levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quotes prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted market prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any output that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies at June 30, 2019 and 2018.

Certificates of deposit: Valued at amortized cost, which approximates fair value.
The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2019 and 2018:

	2019			
	Level I	Level II	Level III	Total
Investments measured at fair value:				
Certificates of deposit	$ -	$ 549,638	$ -	$ 549,638

	2018			
	Level I	Level II	Level III	Total
Investments measured at fair value:				
Certificates of deposit	$ -	$ 545,385	$ -	$ 545,385

5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018, is as follows:

	2019	2018
Land	$ 143,633	$ 169,347
Buildings and improvements	2,406,126	2,486,126
Vehicles	501,071	501,071
Equipment	769,744	757,219
Software (not in service)	162,180	162,180
Furniture	87,696	77,900
Leasehold improvements	170,921	170,921
	4,241,371	4,324,764
Less accumulated depreciation	(3,430,993)	(3,286,900)
	$ 810,378	$ 1,037,864

Property and equipment include certain buildings and land provided to the Center by the State of West Virginia under long-term leases which require annual payments of $1 for terms of ninety-nine years expiring in 2076. The cost of such buildings was $1,915,785 while accumulated depreciation related to these buildings was $1,915,785 and $1,853,682 at June 30, 2019 and 2018, respectively. Land provided to the Center by the State amounted to $143,633 as of June 30, 2019 and 2018.

Continued use of these facilities and equipment is contingent upon the Center continuing to provide behavioral healthcare services. Management believes that it is highly unlikely the Center would discontinue providing these services. Accordingly, the value of the facilities and equipment has been reported as an increase in unrestricted net assets and has been capitalized and depreciated.

6 – NET CLIENT SERVICE REVENUE

A summary of gross and net client service revenue for all payors for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Gross client service revenue	$ 7,956,093	$ 6,771,757
Less provision for:		
Contractuals and other adjustments	1,681,006	1,408,770
Bad debts	190,833	60,938
	$ 6,084,254	$ 5,302,049

Client service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the years ended June 30, 2019 and 2018, from these major payor sources, is as follows:

	2019		
	Third Party Payors	Self Pay	Total All Payors
Client service revenue (net of contractual allowance and discounts)	$ 6,204,826	$ 70,261	$ 6,275,087

	2018		
	Third Party Payors	Self Pay	Total All Payors
Client service revenue (net of contractual allowance and discounts)	$ 5,218,961	$ 144,026	$ 5,362,987

The cost of property and equipment purchased with Bureau of Behavioral Health and Health Facilities grant funds was $707,184 and $642,317, respectively, at June 30, 2019 and 2018, and related accumulated depreciation was $327,175 and $226,585, respectively, at June 30, 2019 and 2018.

7 – VENDOR FINANCING

The Center signed a vendor finance agreement to purchase electronic health record software in March, 2018. The agreement is payable in nine monthly installments of $11,065 bearing no interest with final payment due March 2019. As of the year ending June 30, 2019 this balance had been paid in full.

8 – LOAN AGREEMENT

The Center has a loan agreement which is secured by certificates of deposit, bears interest at 4.35%, expires in June 2020 and has a maximum borrowing limit of $180,000. As of June 30, 2019 and 2018, no amounts were outstanding under this agreement.

9 – LEASES AND SUBSEQUENT EVENT

Capital Lease

The Center leased a building and land under a long-term capital lease obligation which expired in January 2024. The capital lease was payable in monthly installments of $1,200 for 110 months including an implicit rate of 5%. During the year ended June 30, 2019, this lease was terminated which resulted in the Center recognizing a loss on the disposal of assets of $33,283. Building and land under capital lease included the following:

	2019	2018
Land	$ -	$ 25,714
Building	-	80,000
	-	105,714
Less: accumulated amortization	-	(6,000)
	$ -	$ 99,714

Operating Leases

In August 2017, the Center entered into a lease agreement for administrative space, which expires July 30, 2022. The lease is payable in monthly installments of $6,393 for 60 months with the Center paying an annual rent of $76,720.

Subsequent to year end, the Center entered into a one-year lease agreement for a commercial building in Myrtle, West Virginia to be used for the intellectual/developmentally disabled program. This lease will terminate on September 1, 2019, and is payable in monthly installments of $1,800 payable in advance on the first day of the lease. The Center will pay an annual rent of $21,600.

Future minimum payments related to these lease commitments are as follows for years ending June 30:

2020	$ 76,720
2021	76,720
2022	76,720
2023	6,393
	$ 236,553

10 – ECONOMIC DEPENDENCY AND GEOGRAPHIC CONCENTRATION

The Center is located in and services the citizens of Logan and Mingo Counties, West Virginia. General economic conditions in the area can influence the Center's reliance on private payors.

The Center's programs are dependent upon its state sponsoring agencies obtaining adequate appropriation and the existence of sufficient tax revenues to fund such appropriations. For the years ended June 30, 2019 and 2018, the Medicaid and Medicaid Waiver program accounted for 95% and 92% of the Center's net client revenue, respectively. Changes in payment rates or methodologies by the Medicaid program could significantly impact the Center's operations.

The Center also receives significant funding from the West Virginia Bureau for Behavioral Health and Health Facilities, some of which is pass-through funding from the United States Department of Health and Human Services. A significant reduction in the level of this support, if this were to occur, may have a significant impact on the Center's programs and activities.

11 – CONCENTRATIONS

Cash

To limit concentration of credit risk associated with cash and cash equivalents and certificates of deposit, the Center places its cash with high quality financial institutions. At times, the balances in such institutions may exceed amounts covered by FDIC insurance. Those amounts in excess of FDIC insurance are collateralized by bonds in the Center's name, which are held by a third party.

Client Accounts Receivable

The Center extends credit without collateral to its clients, most of whom qualify for Medicaid. The mix of receivables net of related allowances is as follows:

	2019	2018
Medicare	2%	9%
Medicaid	94%	79%
Self-pay	1%	1%
Other	3%	11%
	100%	100%

12 – STATEMENT FUNCTIONAL EXPENSES

The statement of functional expenses assigns expenses directly where such costs can be identified. Expenses which are not directly identifiable have been allocated by the Center using statistical measures, principally square footage and salary and wages. The allocated expenses are consistent with the allocations used in preparation of the tax exempt filings of the Center.

The Center elected to not present a statement of functional expenses for the year ended June 30, 2018. Instead this information is summarized below:

	2019	2018
Healthcare services	$ 6,100,795	$ 5,319,136
General and administrative	1,585,673	1,646,519
	$ 7,686,468	$ 6,965,655

13 – HEALTH CARE LEGISLATION AND REGULATION

The health care industry is subject to numerous laws and regulations of Federal, state and local governments. Government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by health care providers. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that the Center is in compliance with fraud and abuse as well as other applicable government laws and regulations. If the Center is found in violation of these laws, it could be subject to substantial monetary fines, civil and criminal penalties and exclusion from participation in the Medicare and Medicaid programs.

14 – RISK MANAGEMENT

The Center maintains claims-made coverage for professional liability. Incidents occurring through June 30, 2019 may result in the assertion of claims. Other claims may be asserted arising from past services provided. Management believes that these claims, if asserted, would be settled within the limits of insurance coverage.

The Center is subject to litigation in the normal course of business involving claims from individuals who seek both compensatory and punitive damages from the Center. Outside counsel for the entity has advised that at this stage in the proceedings, an opinion cannot be offered as to the probable outcome. The entity believes all claims are without merit and is vigorously defending its position. In addition, incidents occurring through June 30, 2019 may result in the assertion of a claim. Management believes that these claims would be settled within the limits of insurance coverage.

SUPPLEMENTARY INFORMATION

LOGAN-MINGO AREA MENTAL HEALTH, INC.

SCHEDULE OF BHHF FUNDED FIXED ASSETS
June 30, 2019

Description	Date Acquired	Cost	Program
Breathalyzers	08/19/98	$ 1,040	Substance Abuse
Desk	06/30/99	1,227	Substance Abuse
Passport Paging System	06/30/99	500	Substance Abuse
True Colors Training Kit	06/30/99	712	Substance Abuse
Desk	08/01/99	435	Substance Abuse
Computer Station	08/01/99	320	Substance Abuse
National Desk Station	09/27/99	1,115	Substance Abuse
Vinyl Chairs	04/17/00	344	Substance Abuse
Rectangular Table	06/23/00	360	Substance Abuse
Compac Laptop	09/08/00	1,160	Substance Abuse
Hewlett Packard Pavillion PC	11/01/00	998	Substance Abuse
Hewlett Packard PCs	12/06/00	3,192	Substance Abuse
Hewlett Packard PCs	01/09/01	1,396	Substance Abuse
Hewlett Packard PCs	01/09/01	798	Substance Abuse
PowerHouse Shredder	03/13/01	600	Substance Abuse
Pavillion Computer	07/16/01	898	Substance Abuse
Pavillion Computer	08/30/01	2,694	Substance Abuse
Hewlett Packard Computers	06/18/02	2,672	Substance Abuse
Compac Presario Computer	10/31/02	769	Substance Abuse
HP Computer	10/09/03	528	Substance Abuse
PC Tower & Hardware	10/16/03	887	Substance Abuse
Office Charis/FUTURES	04/14/04	750	Substance Abuse
Dishwasher/FUTURES	04/22/04	3,815	Substance Abuse
Dorm Beds/FUTURES	05/20/04	1,378	Substance Abuse
Table & Benches/FUTURES	05/21/04	1,358	Substance Abuse
Powerpoint Projector	05/28/04	899	Substance Abuse
Chairs/FUTURES	06/02/04	996	Substance Abuse
Sofa/FUTURES	06/02/04	489	Substance Abuse
Dressers/FUTURES	06/02/04	1,620	Substance Abuse
Desk/FUTURES	06/02/04	1,261	Substance Abuse
Desk/FUTURES	06/02/04	1,218	Substance Abuse
Office Charis/FUTURES	06/02/04	636	Substance Abuse
Tables/FUTURES	06/02/04	575	Substance Abuse
Chairs/FUTURES	06/02/04	2,752	Substance Abuse
Dell Laptop	06/03/04	1,913	Substance Abuse
Chairs/FUTURES	06/08/04	792	Substance Abuse
Compac Presario	06/21/04	740	Substance Abuse
Compac Presario	06/21/04	740	Substance Abuse
Compac Presario/FUTURES	06/21/04	740	Substance Abuse

LOGAN-MINGO AREA MENTAL HEALTH, INC.

SCHEDULE OF BHHF FUNDED FIXED ASSETS
June 30, 2019

Description	Date Acquired	Cost	Program
Compac Presario/FUTURES	06/21/04	740	Substance Abuse
Cabinets/FUTURES	06/22/04	412	Substance Abuse
Mouthpiece Sensors	06/23/04	2,523	Substance Abuse
Mattresses for FUTURES	06/23/04	893	Substance Abuse
TV/VCR/Intercom/FUTURES	07/09/04	2,526	Substance Abuse
Exercise Equipment/FUTURES	07/27/04	705	Substance Abuse
ASI Program/FUTURES	08/23/04	550	Substance Abuse
Computer/FUTURES	08/25/04	498	Substance Abuse
LCD Monitor	02/09/05	400	Substance Abuse
Pool Table/FUTURES	02/09/05	475	Substance Abuse
Desktop Computer	03/07/05	343	Substance Abuse
Compressor	04/25/05	1,098	Substance Abuse
13' Floor Buffer/FUTURES	04/29/05	765	Substance Abuse
Desk Chairs/FUTURES	05/12/05	558	Substance Abuse
Cooling Tower	09/30/09	42,895	Substance Abuse
Sewage Treatment Plant	10/31/09	118,021	Substance Abuse
HVAC - Chattaroy	04/30/10	62,683	Substance Abuse
Vulcan Range (Modern Equipment)	04/29/15	6,412	Substance Abuse
Dishwasher (Modern Equipment)	06/30/15	6,890	Substance Abuse
Improvements/LANDO	03/01/16	82,576	Substance Abuse
Van	05/03/16	55,980	Substance Abuse
Van	08/10/16	40,175	Substance Abuse
Van	08/10/16	52,590	Substance Abuse
Conversion Van	06/30/17	59,954	Substance Abuse
Leashold Improvements	10/01/17	18,165	Substance Abuse
Equipment	10/01/17	80,720	Substance Abuse
Office Furniture	06/21/19	9,796	Substance Abuse
Vulcan Range	06/28/19	12,524	Substance Abuse
		$ 707,184	

See independent auditor’s report on accompanying financial information.

LOGAN-MINGO AREA MENTAL HEALTH, INC.

SCHEDULE OF BHHF FUNDING STATUS/STATE AWARDS
Year Ended June 30, 2019

Grant series	State Account Number	Current Year Award Amount	Award Extended From Prior Year	Refundable Advances June 30, 2018	Amount Earned and Billed	Refundable Advances June 30, 2019	Amount Not Billed	Amount Collected
G180507	2019-8793-0506-2891-13000-3285-000-SAPT_F_SR-EY2017-13141	$ -	$ 106,331	$ -	$ 106,331	$ -	$ -	$ 106,331
	2016-0525-0506-2891-35400-3256-0000-13142	-	108,401	-	108,401	-	-	108,401
	2018-0525-0506-2891-35400-3256-0000-13688	-	17,290	-	17,290	-	-	17,290
		-	232,022	-	232,022	-	-	232,022
G180542	2017-0525-0506-3081-35400-3526-0000-13131	-	9,787	-	9,787	-	-	9,787
G190266	2019-0525-0506-2851-21900-3526-000-13144	340,047	-	-	335,730	-	4,317	335,730
G190716	2019-0525-0506-2851-21900-3256-4231-13144	305,796	-	-	295,681	-	10,115	101,932
G190192	2019-0525-0506-3043-21900-3256-4231	84,000	-	-	45,708	-	38,292	16,800
G190703	2019-0525-0506-3065-21900-3256-4231	65,904	-	-	55,203	-	10,701	-
G190556	2019-0525-0506-2891-21900-3256-4231-13688	76,650	-	-	63,838	-	12,812	26,040
	2019-0525-0506-2891-21900-3256-4321-13142	221,875	-	-	184,283	-	37,592	73,713
	2019-8793-0506-2891-13000-3285-3885_SAPT_F_SR-EY2018-13141	221,875	-	-	215,409	-	6,466	73,713
	2016-0525-0506-2891-35400-3256-0000-13688	76,650	-	-	18,043	-	58,607	18,043
		597,050	-	-	481,573	-	115,477	191,509
		$ 1,392,797	$ 241,809	$ -	$ 1,455,704	$ -	$ 178,902	$ 887,780

GRAY GRIFFITH & MAYS a.c.
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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
Logan-Mingo Area Mental Health, Inc.
Logan, West Virginia

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 Logan-Mingo Area Mental Health, Inc. (the Center), which comprise the statement of financial position, as of June 30, 2019 and 2018, and the related statement of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center'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 material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of 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.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
February 13, 2020

Logan-Mingo Area Mental Health, Inc.

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2019

2019-001 Unrecorded liabilities

Condition:

The Center failed to properly record accounts payable balances for the year ended June 30, 2019.

Criteria:

Management is responsible 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.

Effect:

The financial statements required an adjustment of approximately $23,000 to record accounts payable at June 30, 2019. Without complete and accurate financial statements, management and the Board of Directors are unable to accurately analyze the Center's operations in a timely manner.

Cause:

Sufficient controls were either not designed properly or were not operating effectively to ensure the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles throughout the year.

Recommendation:

We recommend that the Center implement policies and procedures to ensure that all accounting transactions are captured and properly recorded in the period in which they are incurred.

Managements response:

The Center will establish additional analytical procedures to detect accounting transactions that cross accounting periods and ensure those transactions are captured and recorded in the proper period. End of year closing procedures will also be reviewed with staff.