

**OUACHITA BEHAVIORAL HEALTH AND WELLNESS  
(and Affiliates)**

**Hot Springs, Arkansas**

**June 30, 2017  
(with Comparative Totals for June 30, 2016)**

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## **Independent Auditors Report**

Board of Directors  
Ouachita Behavioral Health and Wellness and Affiliates  
Hot Springs, Arkansas

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of Ouachita Behavioral Health and Wellness (OBHAW) a nonprofit organization, and affiliates, which comprise the combined statement of financial position as of June 30, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to OBHAW's preparation and fair presentation of the combined 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 OBHAW'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 combined financial statements.

## **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Ouachita Behavioral Health and Wellness and affiliates as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Ouachita Behavioral Health and Wellness and affiliates 2016 combined financial statements and our report dated October 12, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the combined audited financial statements from which it has been derived.

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule as listed in the table of contents as required by Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, on our consideration of Ouachita Behavioral Health and Wellness and affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other 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 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 Ouachita Behavioral Health and Wellness and affiliates' internal control over financial reporting and compliance.

  
Certified Public Accountants  
Hot Springs, Arkansas

November 6, 2017

## **FINANCIAL STATEMENTS**

**Ouachita Behavioral Health and Wellness**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017**  
**(with Comparative Totals for June 30, 2016)**

	Ouachita Behavioral Health and Wellness	Community Counseling Foundation, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.	Totals	
<u>ASSETS</u>					2017	2016
<u>Current Assets</u>						
Cash	\$ 646,530	\$ 80,015	\$ 64,446	\$ 16,367	\$ 807,358	\$ 1,047,233
Investments		50			50	50
Grant receivable	28,043				28,043	61,434
Medicaid and Medicare receivables	226,476				226,476	396,827
Other receivables	224,928		21,889	953	247,770	285,431
Less reserve for uncollectible accounts	(55,241)				(55,241)	(60,481)
Prepaid expenses	55,274	-	141	456	\$ 55,871	29,255
Total Current Assets	\$ 1,126,010	\$ 80,065	\$ 86,476	\$ 17,776	\$ 1,310,327	\$ 1,759,749
<u>Restricted Deposits</u>	\$ 6,115		\$ 35,186	\$ 9,651	\$ 50,952	\$ 43,981
<u>Fixed Assets</u>						
Land	\$ 1,133,261		\$ 50,000	\$ 24,656	\$ 1,207,917	\$ 1,227,917
Buildings and leasehold improvements	9,370,454		907,312	832,556	11,110,322	11,800,794
Furniture and fixtures	1,986,344		13,609	44,356	2,044,309	2,240,377
Vehicles	797,834				797,834	832,928
Total	\$ 13,287,893	\$ -	\$ 970,921	\$ 901,568	\$ 15,160,382	\$ 16,102,016
Less accumulated depreciation	(5,146,753)		(491,086)	(486,630)	(6,124,469)	(6,374,182)
Net Fixed Assets	\$ 8,141,140		\$ 479,835	\$ 414,938	\$ 9,035,913	\$ 9,727,834
<u>Other Assets</u>						
Intercompany receivable [payable]	\$ 376,153	\$ (16,145)	\$ (170,222)	\$ (189,786)	-	-
Investment - Summit Community, LLC					\$ -	\$ 36
Miscellaneous deposits	5,933				5,933	5,973
Total Other Assets	\$ 382,086	\$ (16,145)	\$ (170,222)	\$ (189,786)	\$ 5,933	\$ 6,009
<u>Total Assets</u>	\$ 9,655,351	\$ 63,920	\$ 431,275	\$ 252,579	\$ 10,403,125	\$ 11,537,573

See independent auditors report and notes to combined financial statements.

**Ouachita Behavioral Health and Wellness**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
(continued)  
**June 30, 2017**  
**(with Comparative Totals for June 30, 2016)**

<u>LIABILITIES AND NET ASSETS</u>	Ouachita Behavioral Health and Wellness	Community Counseling Foundation, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.	<u>Totals</u>	
					2017	2016
<u>Current Liabilities</u>						
Accounts payable - trade	\$ 121,738		\$ 2,832	\$ 6,274	\$ 130,844	\$ 290,401
Notes payable - current installments	340,112				340,112	354,638
Deferred revenue					-	21,205
Accrued expenses/deferred compensation	221,615				221,615	223,975
<b>Total Current Liabilities</b>	<b>\$ 683,465</b>	<b>\$ -</b>	<b>\$ 2,832</b>	<b>\$ 6,274</b>	<b>\$ 692,571</b>	<b>\$ 890,219</b>
<u>Long-term Liabilities</u>						
Notes payable excluding current installments	\$ 1,906,646				\$ 1,906,646	\$ 2,245,563
Mortgage payable - HUD			\$ 987,100	\$ 930,100	1,917,200	1,917,200
Deferred compensation	139,000				139,000	139,000
Tenant security deposits			4,918	4,104	9,022	8,921
<b>Total Long-term Liabilities</b>	<b>\$ 2,045,646</b>		<b>\$ 992,018</b>	<b>\$ 934,204</b>	<b>\$ 3,971,868</b>	<b>\$ 4,310,684</b>
<b>Total Liabilities</b>	<b>\$ 2,729,111</b>	<b>\$ -</b>	<b>\$ 994,850</b>	<b>\$ 940,478</b>	<b>\$ 4,664,439</b>	<b>\$ 5,200,903</b>
<u>Net Assets</u>						
Unrestricted [deficit]	\$ 6,920,125	\$ 46,726	\$ (593,843)	\$ (693,446)	\$ 5,679,562	\$ 6,284,416
Restricted deposits	6,115	17,194	30,268	5,547	59,124	52,254
<b>Total Net Assets [Deficit]</b>	<b>\$ 6,926,240</b>	<b>\$ 63,920</b>	<b>\$ (563,575)</b>	<b>\$ (687,899)</b>	<b>\$ 5,738,686</b>	<b>\$ 6,336,670</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,655,351</b>	<b>\$ 63,920</b>	<b>\$ 431,275</b>	<b>\$ 252,579</b>	<b>\$ 10,403,125</b>	<b>\$ 11,537,573</b>

See independent auditors report and notes to combined financial statements.

**Ouachita Behavioral Health and Wellness  
COMBINED STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017  
(with Comparative Totals for the Year Ended June 30, 2016)**

	Ouachita Behavioral Health and Wellness	Community Counseling Foundation, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.	Totals	
					2017	2016
<b><u>CHANGES IN UNRESTRICTED NET ASSETS</u></b>						
<b><u>Support and Revenue</u></b>						
Support:						
Federal and State funding	\$ 2,140,785				\$ 2,140,785	\$ 2,099,759
City and local government	2,880				2,880	3,600
Gifts and contributions	13,745				13,745	1,575
Special events					-	
Rents - HUD projects			\$ 147,676	\$ 124,571	272,247	272,557
Total Support	\$ 2,157,410	\$ -	\$ 147,676	\$ 124,571	\$ 2,429,657	\$ 2,377,491
Revenue:						
Medicaid	\$ 6,986,154				\$ 6,986,154	\$ 8,468,698
Medicare	221,517				221,517	271,920
Professional fees	833,600				833,600	990,478
Gain {Loss} on sale of assets	88,447				88,447	(28,538)
Interest income	4,248	\$ 80			4,328	5,850
Miscellaneous	53,944		1,203	2,173	57,320	68,270
Total Revenue	\$ 8,187,910	\$ 80	\$ 1,203	\$ 2,173	\$ 8,191,366	\$ 9,776,678
Reclassification of Net Assets		\$ -	\$ 3,694	\$ 3,277	\$ 6,971	\$ (125)
Total Support and Revenue	\$ 10,345,320	\$ 80	\$ 152,573	\$ 130,021	\$ 10,627,994	\$ 12,154,044
<b><u>Expenses</u></b>						
Program Services:						
AR Soc	\$ 128,929				\$ 128,929	\$ 139,383
CSP	1,678,483				1,678,483	1,944,097
CASSP	68,579				68,579	67,656
IOTP	1,494,331				1,494,331	1,474,615
Outpatient	2,379,818				2,379,818	2,054,148
School based	2,324,239				2,324,239	3,047,016
Transportation	137,725				137,725	146,203

See independent auditors report and notes to combined financial statements.



**Ouachita Behavioral Health and Wellness**  
**COMBINED STATEMENT OF ACTIVITIES**  
**(continued)**  
**For the Year Ended June 30, 2017**  
**(with Comparative Totals for the Year Ended June 30, 2016)**

	Ouachita Behavioral Health and Wellness	Community Counseling Foundation, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.	Totals	
					2017	2016
<u>Expenses (continued)</u>						
Total Program Services	\$ 8,212,104				\$ 8,212,104	\$ 8,873,118
Support services – general/administrative	2,717,551				2,717,551	2,686,972
Total Expenses	\$ 10,929,655				\$ 10,929,655	\$ 11,560,090
Affiliates' program services and support		\$ 12,150	\$ 136,364	\$ 137,896	286,410	246,160
Total Combined Expenses	\$ 10,929,655	\$ 12,150	\$ 136,364	\$ 137,896	\$ 11,216,065	\$ 11,806,250
<u>Change in Unrestricted Net Assets</u>	\$ (584,335)	\$ (12,070)	\$ 16,209	\$ (7,875)	\$ (588,071)	\$ 347,794
<u>Changes in Temporarily Restricted Net Assets</u>						
<u>Revenue</u>						
Gifts and contributions	\$ -	\$ 1,150			\$ 1,150	\$ 2,505
Investment income			\$ 82	\$ 54	136	80
Total Revenue	\$ -	\$ 1,150	\$ 82	\$ 54	\$ 1,286	\$ 2,585
Reclassification of Net Assets			(3,776)	(3,331)	(7,107)	45
<u>Change in Temporarily Restricted Net Assets</u>	\$ -	\$ 1,150	\$ (3,694)	\$ (3,277)	\$ (5,821)	\$ 2,630
<u>Change in Total Net Assets</u>	\$ (584,335)	\$ (10,920)	\$ 12,515	\$ (11,152)	\$ (593,892)	\$ 350,424
<u>Net Assets [Deficit] - July 1</u>	7,510,575	74,840	(576,090)	(672,655)	6,336,670	5,972,518
<u>Prior-Period Adjustment</u>	-	-	-	(4,092)	(4,092)	13,728
<u>Net Assets [Deficit] - June 30</u>	\$ 6,926,240	\$ 63,920	\$ (563,575)	\$ (687,899)	\$ 5,738,686	\$ 6,336,670

See independent auditors report and notes to combined financial statements.

**Ouachita Behavioral Health and Wellness, Inc.**  
**COMBINED STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2017**  
**(with Comparative Totals for the Year Ended June 30, 2016)**

	Ouachita Behavioral Health and Wellness, Inc.	Community Counseling Foundation, Inc.	Central City Apartments,	Reach Out II Apartments, Inc.	Totals	
					2017	2016
<b><u>Cash Flows from Operating Activities</u></b>						
Cash received from support and revenue	\$ 9,694,230	\$ 500			\$ 9,694,730	\$ 11,748,974
Interest and dividends received	4,248	80	\$ 82	\$ 54	4,464	5,930
Other operating cash receipts	711,535		126,199	125,258	962,992	270,630
Miscellaneous cash received	53,944		1,121	3,197	58,262	4,519
Cash paid to employees and suppliers	(10,593,505)	(11,500)	(100,324)	(116,082)	(10,821,411)	(11,403,000)
Interest paid	(135,695)				(135,695)	(177,617)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (265,243)</b>	<b>\$ (10,920)</b>	<b>\$ 27,078</b>	<b>\$ 12,427</b>	<b>\$ (236,658)</b>	<b>\$ 449,436</b>
<b><u>Cash Flows from Investing Activities</u></b>						
Purchase of fixed assets	\$ (59,176)		(2,806)	(1,674)	\$ (63,656)	\$ (206,504)
Disposal of fixed assets	420,752				420,752	73,647
Proceeds from Certificate of Deposit		-				
Net transfers in [from] restricted assets			(3,686)	(3,184)	(6,870)	(13,438)
<b>Net Cash Used in Investing Activities</b>	<b>\$ 361,576</b>	<b>\$ -</b>	<b>\$ (6,492)</b>	<b>\$ (4,858)</b>	<b>\$ 350,226</b>	<b>\$ (146,295)</b>
<b><u>Cash Flows from Financing Activities</u></b>						
Lease Proceeds	\$ -				\$ -	\$ 10,445
Payments on debts	(353,443)				(353,443)	(310,399)
<b>Net Cash Used in Financing Activities</b>	<b>\$ (353,443)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (353,443)</b>	<b>\$ (299,954)</b>
<b><u>Net Increase [Decrease] in Cash and Cash Equivalents</u></b>	<b>\$ (257,110)</b>	<b>\$ (10,920)</b>	<b>\$ 20,586</b>	<b>\$ 7,569</b>	<b>\$ (239,875)</b>	<b>\$ 3,187</b>
<b><u>Cash and Cash Equivalents - July 1</u></b>	<b>903,640</b>	<b>90,935</b>	<b>43,860</b>	<b>8,798</b>	<b>1,047,233</b>	<b>1,044,046</b>
<b><u>Cash and Cash Equivalents - June 30</u></b>	<b>\$ 646,530</b>	<b>\$ 80,015</b>	<b>\$ 64,446</b>	<b>\$ 16,367</b>	<b>\$ 807,358</b>	<b>\$ 1,047,233</b>

See independent auditors report and notes to combined financial statements

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**Ouachita Behavioral Health and Wellness**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**  
**(with Comparative Totals for the Year Ended June 30, 2016)**

	Program Services				
	AR Soc	CSP	CASSP	IOTP	Outpatient
Salaries	\$ 82,933	\$ 849,181	\$ 34,290	\$ 958,215	\$ 1,606,864
Social security tax	6,356	59,477		68,746	112,171
Fringe benefits	3,450	101,982		142,795	166,352
Insurance – workers compensation		5,670		5,300	6,538
Other	446	12,001		10,406	14,906
Total Personnel	\$ 93,185	\$ 1,028,311	\$ 34,290	\$ 1,185,462	\$ 1,906,831
Advertising		639		384	654
Audit and legal fees		2,386		866	1,801
Bed buys		141,355			
Banquet and entertainment		230		262	929
Board of directors		118		112	129
Client transportation/activities	2,100	8,460		382	627
Collection fees		1,867		16,958	584
Community relations		-		-	33
Computer Software		14,435		11,044	13,243
Consulting fees		3,773		3,583	6,078
Contract labor		18,529		28,261	48,557
Drug and food purchases		44,696		47,147	26
Employee recognition		369		352	576
Equipment rental					
Insurance - Blanket					
Insurance – D&O		1,527		1,424	1,730
Insurance – building		11,435		10,295	9,777
Insurance – professional liability/surety bond		8,613		8,509	13,138
Insurance-General Liability		9,205		8,033	7,601
Interest		41,419		11,452	45,748
Internet		14,499		7,011	9,759
Medical out-station contract					
Mobile telephone		2,941		2,115	3,269
Network equipment		37,037		30,717	41,206
Office supplies and postage		8,883		5,635	9,953
Other	5,094	926		1,398	669
Program expenses		12,467		21,626	20,552
Program supplies		3,202		4,073	8,971
Rent				20,837	
Repairs and maintenance – building		56,870		15,814	44,083
Repairs and maintenance - equipment		3,321		820	1,865
Respite care					976
Staff training		454		420	489
Staff travel	2,492	6,133	205	4,105	3,376
Telephone		33,023		4,752	20,662
Utilities		47,518		16,578	30,345
Vehicle – gasoline		3		3	3
Vehicle – insurance		5		3	5
Vehicle – repairs and maintenance		46		44	138
Volunteered professional services					25,716
Wrap-around expenses	26,058		34,084		
Total before Depreciation	\$ 128,929	\$ 1,564,695	\$ 68,579	\$ 1,470,477	\$ 2,280,099
Depreciation		113,788		23,854	99,719
Total Functional Expenses	\$ 128,929	\$ 1,678,483	\$ 68,579	\$ 1,494,331	\$ 2,379,818

See independent auditors report and notes to combined financial statements.

School Based	Transportaion	Marketing and Development	General and Administrative	Totals	
				2017	2016
\$ 1,682,950		\$ 76,313	\$ 1,684,740	\$ 6,975,486	\$ 7,152,218
122,863		5,744	121,823	497,180	536,665
226,226		2,319	334,485	977,609	806,327
10,583			9,950	38,041	53,577
15,064		392	38,065	91,280	95,799
\$ 2,057,686	\$ -	\$ 84,768	\$ 2,189,063	\$ 8,579,596	\$ 8,644,586
681		11,321	3,062	16,741	11,655
1,445			36,300	42,798	50,595
				141,355	232,015
342		37	2,159	3,959	4,129
178			1,365	1,902	4,033
1,318				12,887	18,312
2,865				22,274	25,414
		866	267	1,166	2,510
22,227		245	20,560	81,754	85,074
7,376			6,648	27,458	50,948
39,718		3,000	38,413	176,478	358,603
1,028			80	92,977	125,060
832		50	627	2,806	4,592
	6,910			6,910	4,031
2,836			2,641	10,158	13,927
3,111			20,806	55,424	71,158
15,869			10,945	57,074	79,898
2,606			15,323	42,768	17,655
1,841			35,235	135,695	177,617
19,858			3,635	54,762	67,187
4,562			5,526	18,413	15,230
60,579			58,452	227,991	237,001
8,606		1,934	6,356	41,367	53,010
1,104			22,354	31,545	41,167
5,397		2,704	4,752	67,498	55,063
1,424		271	266	18,207	20,945
				20,837	39,793
15,168			14,123	146,058	166,057
223			1,151	7,380	447
				976	5,308
453		12	1,627	3,455	20,703
2,575			4,952	23,838	30,422
11,096			10,997	80,530	95,707
10,683			19,465	124,589	157,832
139	22,743		1	22,892	27,884
-	43,404		4,132	47,549	45,181
69	18,943			19,240	16,793
				25,716	25,472
				60,142	58,594
\$ 2,303,895	\$ 92,000	\$ 105,208	\$ 2,541,283	\$ 10,555,165	\$ 11,161,608
20,343	45,725		71,061	374,490	398,482
\$ 2,324,238	\$ 137,725	\$ 105,208	\$ 2,612,344	\$ 10,929,655	\$ 11,560,090

See independent auditors report and notes to combined financial statements.

**Ouachita Behavioral Health and Wellness**  
**COMBINED STATEMENT OF FUNTIONAL EXPENSES**  
**(continued)**  
**For the Year Ended June 30, 2017**  
**(with Comparative Totals for the Year Ended June 30, 2016)**

	Community Counseling Foundation, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.	Totals	
				2017	2016
Administrative		\$ 2,116	\$ 4,171	\$ 6,287	\$ 4,015
Advertising			\$ 609	\$ 609	
Audit	\$ 1,500	5,200	5,200	11,900	9,900
Bookkeeping/accounting services		6,962	2,283	9,245	21,667
Contract labor		11,047	8,469	19,516	11,746
Conventions and meetings				-	1,250
Garbage and trash removal			3,770	3,770	2,741
Grounds:					
Payroll			29,342	29,342	27,920
Repairs		3,175	3,861	7,036	4,328
Supplies		663	1,277	1,940	1,078
Insurance		15,073	16,088	31,161	21,359
Management fees		7,775	7,877	15,652	16,861
Manager/superintendent salaries		31,572		31,572	18,417
Other	10,650			10,650	344
Payroll taxes		2,321	2,150	4,471	3,993
Utilities		26,208	29,473	55,681	54,888
Total before Depreciation	\$ 12,150	\$ 112,112	\$ 114,570	\$ 238,832	\$ 200,507
<u>Depreciation</u>		24,252	23,326	47,578	45,653
<u>Total Functional Expenses</u>	\$ 12,150	\$ 136,364	\$ 137,896	\$ 286,410	\$ 246,160

See independent auditors report and notes to combined financial statements

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 1: Summary of Significant Accounting Policies -**

Nature of Activities. Ouachita Regional Counseling and Mental Health Center, Inc. dba Ouachita Behavioral Health and Wellness (OBHAW) is a community-based, mental health facility that provides a comprehensive array of mental health related services and is responsive to the mental health needs of the community including the prevention of disabilities, treatment of illnesses and the reduction of residual effects of mental illness. The services primarily are composed of psychological and psychiatric counseling, day treatment, case management, housing, transportation, consultation, education and prevention services mainly in Clark, Garland, Hot Spring, Montgomery and Pike Counties in Arkansas.

Combined Financial Statement Presentation. OBHAW has elected, under guidelines in ASC-810-10 *Consolidations*, to use a combined financial statement presentation. OBHAW has three affiliates: Community Counseling Foundation, Inc., Central City Apartments, Inc. and Reach Out II Apartments, Inc. These entities are affiliated due to common control and a compatible purpose. Community Counseling Foundation, Inc. receives and invests charitable contributions to further the work of Community Counseling Services, Inc. Central City Apartments, Inc. and Reach Out II Apartments, Inc. (Projects) manage HUD projects that provide housing for persons with disabilities.

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

Basis of Accounting. OBHAW uses the full-accrual basis of accounting in all material respects except as noted in the following paragraph. Under the full-accrual basis, gross revenue that is subject to accrual is recorded as due; and expenses that are subject to accrual are recognized when incurred.

A modified-accrual basis of accounting is used in some restricted-fund grants and programs with funding agencies. Generally, revenue is recorded when received or at the point when the eligible restricted-fund expense is incurred.

Investments and Investment Return. Investments in certificates of deposit are carried at cost, which approximates fair value. Investment return includes interest income and is reflected in the statement of activities as unrestricted income.

Receivables. Accounts receivable include amounts currently due from services to clients. OBHAW provides for collection losses based on historical-collection experience together with the current status of receivables. All known credit losses are recognized and reflected in the accounts.

Plant Assets and Depreciation. Use of operating cash for plant acquisitions and principal debt-service payments is accounted for as transfers to fixed assets. Proceeds from the sale of plant assets, if unrestricted, are transferred to operating funds or, if restricted, to deferred amounts restricted for plant acquisitions. Plant assets are valued at acquisition cost. Donated property is valued at market value at time of receipt. Retirements are removed from book valuations based on applicable cost or donated value. Depreciation expense for the year ended June 30, 2017, was \$374,490.

See independent auditors report.

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**(continued)**  
**June 30, 2017**

OBHAW follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$2,500. Depreciation is computed on the straight-line method based on estimated useful life of related assets. Ranges of estimated useful life are as follows:

<u>Fixed Assets</u>	<u>Useful Life (years)</u>
Buildings	25 - 40
Furniture, fixtures and equipment	5 - 10

**Contributions.** All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

**Deferred Revenue.** Deferred revenue represents grants received during years that will be used for providing services for the next year.

**Donated Services.** Donated services are recorded in the combined statements of activities and functional expenses as a component of contributions received directly from the general public and as a component of volunteered services in the expense section. The computation of the value of the donated services is based on comparable compensation for performance of the same function. These volunteers provide basic services and professional services in all program services. For the year ended June 30, 2017, the value of volunteered services was \$25,716.

**Economic Dependency.** OBHAW is economically dependent on government grants and programs. During the fiscal year ended June 30, 2017, 90.5 % of OBHAW's revenues were provided by these services.

**Functional Allocation of Expenses.** The costs of providing the various programs and other activities are summarized on a functional basis in the combined statement of functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited.

**Advertising.** OBHAW and affiliates expense advertising production costs the first time the advertising occurs, except for direct-expense advertising, which is capitalized and amortized over its expected period of future benefits, not to exceed 12 months.

**Income Taxes.** As a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and applicable State statutes, the OBHAW is exempt from income taxes. However, it is subject to federal income tax on any unrelated business taxable income. OBHAW's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended June 30, 2017, 2016 and 2015, are subject to examination by the Internal Revenue Service, generally, for three years after they are filed.

See independent auditors report.



**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**(continued)**  
**June 30, 2017**

**Cash and Cash Equivalents** - For purposes of the combined statement of cash flows, OBHAW considers cash demand accounts and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Subsequent Event** - OBHAW did not have any other events through November 6, 2017 which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2017.

**NOTE 2: Cash** - At June 30, 2016, OBHAW and affiliates had the following cash balances:

	Ouachita Behavioral Health and Wellness	Community Counseling Foundation, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.
Petty cash	\$ 706			
Cash in banks	645,824	\$ 80,015	\$ 64,296	\$ 16,367
<b>Totals</b>	<b><u>\$ 646,530</u></b>	<b><u>\$ 80,015</u></b>	<b><u>\$ 64,446</u></b>	<b><u>\$ 16,367</u></b>

At June 30, 2017, OBHAW's and the affiliates' accounts with banks had balances of \$822,904, before reconciling items. Of this amount, \$801,768 was covered by federal depository insurance and amount collateralized with securities held by or for the pledging financial institution but not in OBHAW's name was \$352,000. From time to time, OBHAW's cash deposits were under-collateralized for short periods.

**NOTE 3: Restricted Deposits/Endowment Fund** – Under the terms of the regulatory agreements with HUD, Reach Out II Apartments, Inc. and Central City Apartments, Inc. are required to set aside specified amounts for replacement of property and other project expenditures. These funds are generally not available for operating purposes. At June 30, 2017, OBHAW and affiliates had the following restricted deposits:

	Community Counseling Services, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.
Money Management Assistance Fund	\$ 6,115		
Replacement reserve		\$ 28,320	\$ 5,446
Residual receipts		1,948	101
Tenant security		4,918	4,104
<b>Total Restricted Deposits</b>	<b><u>\$ 6,115</u></b>	<b><u>\$ 35,186</u></b>	<b><u>\$ 9,651</u></b>

At June 30, 2017, before reconciling items, the restricted bank account balances of \$50,952 were covered by federal depository insurance.

See independent auditors report.

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
(continued)  
June 30, 2017

**NOTE 4: Other Receivables** – Other receivables consist of the following:

	Ouachita Behavioral Health and wellness	Central City Apartments, Inc.	Reach Out II Apartments, Inc.	Total
Insurance	\$ 94,433			\$ 94,433
Money management client assistance	8,430			8,430
Private	14,332			14,332
Spend-down	107,733			107,733
Tenant		\$ 21,889	\$ 953	22,842
Total	<u>\$ 224,928</u>	<u>\$ 21,889</u>	<u>\$ 2,718</u>	<u>\$ 247,770</u>

**NOTE 5: Notes Payable** - At June 30, 2017, OBHAW had the following, outstanding notes payable:

<u>Note and Collateral</u>	<u>Monthly Payment</u>	<u>Balance Due June 30, 2016</u>	<u>Amount Due</u>	
			<u>Current</u>	<u>Long-term</u>
Equipment Leases:				
Great America Leasing Corporation				
Computer equipment and supplies; due September 20, 2017	\$ 711	\$ 1,942	\$ 1,942	
Telephone system; due February 1, 2019	\$ 2,915	41,308	19,828	\$ 21,480
Abreeze Technology				
Credit Card Terminals; due December 15, 2019	\$ 28	1,231	487	744
Hewlett-Packard Financial Service Company				
Computer equipment; due July 15, 2020	\$ 172	5,382	1,700	3,682
*Southern Bancorp -				
Land and buildings; 4.75%; due June 28, 2023	\$ 36,833	2,196,895	316,155	1,880,740
Total		<u>\$ 2,246,758</u>	<u>\$ 340,112</u>	<u>\$ 1,906,646</u>

\*Effective 8/17/16 interest rate changed to 4.75%

**Aggregate Debt Obligation Matures as Follows**

<u>June 30,</u>	
2018	340,112
2019	382,408
2020	380,380
2021	398,921
2022	416,589
Thereafter	328,348
Total	<u>\$ 2,246,758</u>

. See independent auditors report

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**(continued)**  
**June 30, 2017**

During the prior year, OBHAW entered into an agreement with Southern Bancorp to establish a revolving line of credit for short-term working capital of \$500,000 with a fixed rate of 4.00% due on June 18, 2017. As of June 30, 2017, no funds had been requested by OBHAW. On August 10, 2017, Southern Bancorp renewed the existing line of credit and increased line to \$1,000,000 with interest rate of 4.25% with maturity date of August 10, 2018.

Mortgage Payable - Central City Apartments, Inc. The United States Department of Housing and Urban Development (HUD) set up a capital advance mortgage note program under which monies are advanced to the Project to finance the cost of building the complex. These advances bear no interest and repayment is not required as long as the housing remains available for persons with disabilities as defined in Section 811 of the National Affordable Housing Act of 1990 and applicable HUD regulations. Should the Project remain in accordance with these requirements, the note will be deemed paid and discharged on May 1, 2036. If the Project defaults under the terms of the agreement, the entire principal amount will become due and payable at once by the Project. Interest per annum at a rate of 7.875% will be payable on demand with respect to the payment of principal on default.

Mortgage Payable - Reach Out II Apartments, Inc. The United States Department of Housing and Urban Development (HUD) set up a capital advance mortgage note program under which monies are advanced to the Project to finance the cost of building the complex. These advances bear no interest and repayment is not required as long as the housing remains available for persons with disabilities as defined in Section 811 of the National Affordable Housing Act of 1990 and applicable HUD regulations. Should the Project remain in accordance with these requirements, the note will be deemed paid and discharged on December 1, 2035. If the Project defaults under the terms of the agreement, the entire principal amount will become due and payable at once. Interest per annum at a rate of 7.875% will be payable on demand with respect to the payment of principal on default.

**NOTE 6: Capital Leases** - OBHAW leases equipment from various leasing companies. The economic substance of the lease is that OBHAW is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in OBHAW's assets and liabilities.

The following is an analysis of the leased assets included in Fixed Assets.

Furniture and Fixtures	122,993
Less Accumulated Depreciation	<u>76,357</u>
Net Book Balance	<u>\$ 46,636</u>

See independent auditors report.

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
 (continued)  
 June 30, 2017

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2017.

Year Ending June 30:	
2018	\$ 40,006
2019	38,062
2020	4,299
2021	<u>344</u>
Total minimum lease payments	\$ 87,711
Less amount representing interest	<u>31,445</u>
Present value of minimum lease payments	<u>\$ 51,266</u>

Amortization of assets held under capital leases is included with depreciation expense.

**NOTE 7: Temporarily Restricted Net Assets** – At June 30, 2017, temporarily restricted net assets were available for the following:

	Ouachita Behavioral Health and Wellness	Community Counseling Foundation, Inc.	Central City Apartments, Inc.	Reach Out II Apartments, Inc.
Building Fund		\$ 12,035		
Capital Campaign – Turning Point		325		
Children's furniture		893		
Money Management Fund	\$ 6,115			
Playground equipment		3,941		
Replacement reserve			\$ 28,320	\$ 5,446
Residual receipt			<u>1,948</u>	<u>101</u>
<b>Totals</b>	<u>\$ 6,115</u>	<u>\$ 17,194</u>	<u>\$ 30,268</u>	<u>\$ 5,547</u>

**NOTE 8: Employee Retirement Benefits** - OBHAW participates in a 401(k) plan that is available to substantially all employees. OBHAW can make a discretionary matching contribution, a discretionary non-matching contribution or both. During the year ended June 30, 2017, OBHAW's contribution was \$115,389.

**NOTE 9: Cafeteria Plan** - OBHAW maintains a cafeteria plan that qualifies under Section 125 of the Internal Revenue Code of 1954. The plan is a program that permits participants to elect coverage for themselves and their eligible dependents under various component plans that provide hospitalization, accident, health, life insurance and childcare benefits. The plan is for the benefit of full-time employees who are actively employed and scheduled to work at least 30 hours each week. As of June 30, 2017, the plan was funded entirely by employee flexible pay.

See independent auditors report.

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**(continued)**  
**June 30, 2017**

**NOTE 10: Self-insurance Health Plans Coverage** - At January 1, 2016 OBHAW changed medical and drugs coverage for employees to a self-insurance plans with Regions Insurance, Inc. OBHAW pays the first \$40,000 of claims of each employees each year and the insurance carrier covers any excess claims. For the period ended July 1, 2016 to June 30, 2017, OBHAW paid \$975,746 in claims, reinsurance premium and claims administration. The costs are included net in the fringe benefits expenses under personnel costs at the combined statement of functional expenses. The total claims incurred and not paid as of June 30, 2017 was \$6,387. The employee contribution for July 1, 2016 to June 30, 2017 was \$155,661.

OBHAW also maintains a dental and vision plans coverage that is a self-insurance plans with Delta Dental of Arkansas. These costs are included net in the fringe benefits expenses under personnel costs at the combined statement of functional expenses.

**NOTE 11: Additional State Requirements** - The federal and State awards status reports are for the purposes of disclosing additional, required information as noted in the *Guidelines for Financial and Compliance Audits of Programs Funded by the Arkansas Department of Human Services* issued June 1997. The additional requirements, on page 17 of the Guideline, require that the units of service be disclosed on all contracts. The schedules indicate the units of service provided by each contract where applicable. However, some contract agreements did not require a unit-of-service accounting. These contracts were to provide salaries and/or equipment for various programs. Therefore, specific number of units of service provided was not available. For purposes of these schedules, a unit of service is defined as 15 minutes, one day or meal counts.

**NOTE 12: Related-Party Transactions** – During the year ended June 30, 2017, the Foundation, Central City Apartments, Inc. and Reach Out II Apartments, Inc. (Projects) had the following transactions with CCS:

OBHAW provides accounting and other services to the Foundation. As of June 30, 2017, \$16,145 was due to OBHAW.

Accounts Payable. Accounts payable include amounts owed to OBHAW (Sponsor) for payroll, administrative services and expenses or costs paid by the Sponsor for the benefit of the Projects. As of June 30, 2017, accounts payable to the Sponsor were \$182,502.

Management Fees. The Projects terminated its relationship with the prior management agent as of June 30, 2017 and the Sponsor resumed providing management duties. As of June 30, 2017, management fees payable to the Sponsor totaled \$149,850. No payments were made to the Sponsor during the year ended June 30, 2017.

See independent auditors report.

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
(continued)  
June 30, 2017

**NOTE 13: Reconciliation of Combined Change in Net Assets to Combined Net Cash Provided by Operating Activities** - On the combined statement of cash flows, OBHAW discloses cash flows from operating activities using the direct method. The following is a reconciliation of combined change in combined net assets to combined net cash provided by operating activities:

Combined Change in Net Assets		\$ [593,892]
Adjustment to Reconcile Combined Change in Net Assets to Combined Net Cash Provided by Operating Activities:		
Depreciation	\$ 422,067	
Change in accounts receivable	208,508	
Change in prepaid expenses	[ 26,617]	
Change in accounts payable	[135,992]	
Change in deferred revenue	[ 21,205]	
Gain on sale of assets	[ 88,538]	
Change in accrued expenses	[ 989]	
Net Adjustment		<u>357,234</u>
Combined Net Cash Used by Operating Activities		<u>\$ [236,658]</u>

**Note: 14: Off-Balance Sheet Risk** - OBHAW serves as custodian of a representative payee account for a number of their clients. All funds belong to the clients and the balance of the account is not reported in OBHAW's financial statements. OBHAW charges the clients a monthly fee for this service.

**NOTE 15: Name Change** -On May 26, 2016 the Ouachita Regional Counseling and Mental Health Center, Inc. DBA as Community Counseling Services, Inc. applied for a new fictitious name of Ouachita Behavioral Health and Wellness and was approved effective October 1, 2016.

See independent auditors report.

## **SUPPLEMENTARY INFORMATION**

**Ouachita Behavioral Health and Wellness  
FEDERAL AWARDS STATUS REPORT  
For the Year Ended June 30, 2017**

	<u>Block Grant For Community Mental Health</u>	<u>Child Care and Development Block Grant</u>	<u>Child and Adult Care Food Program Contracts</u>	<u>National Student Lunch Program Contracts</u>	<u>Social Services Title XX</u>	<u>Social Services Block Grant</u>
<u>CFDA Number</u>	93.958	93.575	10.558	10.555	93.667	93.667
<u>Funding</u>						
Federal administered by State	\$ 208,132	\$ 71,245	\$ 92,196	\$ 16,367	\$ 47,606	\$ 10,402
Local matching	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>10,380</u>	<u>          </u>
Total Funding	<u>\$ 208,132</u>	<u>\$ 71,245</u>	<u>\$ 92,196</u>	<u>\$ 16,367</u>	<u>\$ 57,987</u>	<u>\$ 10,402</u>
<u>Expenditures</u>						
Providing services to clients	<u>\$ 208,132</u>	<u>\$ 71,245</u>	<u>\$ 92,196</u>	<u>\$ 16,367</u>	<u>\$ 57,987</u>	<u>\$ 10,402</u>

See independent auditors report.



**Ouachita Behavioral Health and Wellness  
STATE AWARDS STATUS REPORT  
For the Year Ended June 30, 2017**

	Child & Adolescent Service System Program	Community Support Program	Local Acute Care Grant	Per Capita Funds	System of Care Sub Grant	PATH	Intensive Family Service	Forensic
<b><u>Funding</u></b>								
State Matching	<u>\$68,579</u>	<u>\$613,749</u>	\$ 380,116	<u>\$ 414,966</u>	<u>\$ 107,724</u>	<u>\$ 29,646</u>	<u>\$ 11,797</u>	<u>\$ 11,312</u>
Total Funding	<u>\$68,579</u>	<u>\$613,749</u>	<u>\$380,116</u>	<u>\$414,966</u>	<u>\$ 107,724</u>	<u>\$29,646</u>	<u>\$11,797</u>	<u>\$11,312</u>
<b><u>Expenditures</u></b>								
Emergency/utilities						\$9,006		
Interagency Service Coordination	\$3,000							
Providing services to clients	\$64,603	\$613,749	\$380,116	\$414,966	\$107,724	\$20,639	\$11,797	\$11,312
Respite Care	<u>\$976</u>							
Total Expenditures	<u>\$68,579</u>	<u>\$613,749</u>	<u>\$380,116</u>	<u>\$414,966</u>	<u>\$107,724</u>	<u>\$29,646</u>	<u>\$11,797</u>	<u>\$11,312</u>

See independent auditors report.

Ouachita Behavioral Health and Wellness  
COMBINED SCHEDULE OF GOVERNMENTAL ASSISTANCE  
For the Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Beginning Balance 7/1/2016</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Balance 6/30/2017</u>
<b>Federal Assistance</b>						
Department of Health and Human Services - passed through						
State of Arkansas Department of Human Services:						
Block Grant for Community Mental Health Services	93.958	4600003810		\$208,132	\$208,132	
Child Care and Development - Block Grant	93.575			\$71,245	\$71,245	
Social Services Block Grant - SSBG Grant	93.667			\$10,402	\$10,402	-
Title XX	93.667	4600003810	(13,384)	\$67,751	\$57,987	(3,620)
Department of Agriculture - passed through Arkansas Department of						
Human Services, Division of Child Care and Early Childhood Education:						
Child and Adult Care Food Program	10.558	A0179-U0002	(7,845)	\$92,196	\$91,990	(7,639)
National Student School Lunch Program	10.555	S85	-	\$16,367	\$16,367	-
<b>Total Federal Assistance</b>			<b>(21,229)</b>	<b>\$ 466,093</b>	<b>\$ 456,124</b>	<b>\$ (11,259)</b>
<b>State Assistance</b>						
Arkansas Department of Human Services;						
Child and Adolescent Service		4500180931	(17,838)	\$79,790	\$68,579	(6,628)
Community Support Program		4600003810	-	\$613,749	\$613,749	-
Local Acute Care		4600003810	-	\$380,116	\$380,116	-
Per Capita Funds		4600003810	-	\$414,966	\$414,966	-
System of Care - Sub Grant			-	\$97,528	\$107,724	(10,197)
PATH		4600034441	(2,244)	\$29,652	\$29,646	(2,238)
Forensic				\$11,312	\$11,312	
Intensive Family Services			(4,477)	\$16,275	\$11,797	-
<b>Total State Assistance</b>			<b>(24,560)</b>	<b>\$1,643,387</b>	<b>\$1,637,890</b>	<b>\$ (19,062)</b>
<b>Total Governmental Assistance</b>			<b>(45,789)</b>	<b>\$ 2,109,481</b>	<b>\$ 2,094,013</b>	<b>\$ (30,321)</b>

Total Medicaid received was \$6,986,154 which consisted of \$1,886,262 (27% State) and \$5,099,892 (73% federal).

**Ouachita Behavioral Health and Wellness**  
**NOTES TO COMBINED SCHEDULE OF GOVERNMENTAL ASSISTANCE**  
**For the Year Ended June 30, 2017**

**Note: 1: Summary of Significant Accounting Policies** – Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2: Basis of Accounting** – The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activities of OBHAW and are presented on the accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedules present only a selected portion of the operations of OBHAW, they are not intended to and do not present the financial position, changes in net assets or cash flows of OBHAW.

See independent auditors report.

## **COMPLIANCE REPORTS**

GARY D. WELCH, CPA, Principal  
JIMMY M. PATE, CPA, Principal  
DENNIS C. FASON, CPA, Principal  
JOE L. WOOSLEY, CPA



HARRY C. KEATON, CPA  
(1920-2006)  
CLARENCE W. JORDAN, CPA  
(1930-2009)  
GLEN W. CRONE, JR., CPA  
(1936-2016)

**Independent Auditors Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Combined Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Ouachita Behavioral Health and Wellness and Affiliates  
Hot Springs, Arkansas

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 combined financial statements of Ouachita Behavioral Health and Wellness (OBHAW) a nonprofit organization, and affiliates which comprise the combined statements of financial position as of June 30, 2017, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements and have issued our report thereon dated November 6, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered OBHAW's and affiliates' 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of OBHAW's and affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of OBHAW and affiliates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of OBHAW's and affiliates' combined 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.

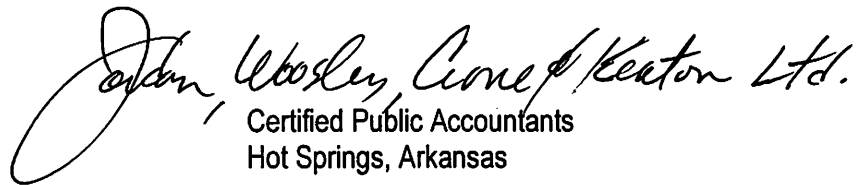
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we do not identify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

**Compliance and Other Matters**

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

**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 OBHAW's and affiliates internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the OBHAW's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Hot Springs, Arkansas

November 6, 2017

## STATISTICAL SECTION

GARY D. WELCH, CPA, Principal  
JIMMY M. PATE, CPA, Principal  
DENNIS C. FASON, CPA, Principal  
JOE L. WOOSLEY, CPA



HARRY C. KEATON, CPA  
(1920-2006)  
CLARENCE W. JORDAN, CPA  
(1930-2009)  
GLEN W. CRONE, JR., CPA  
(1936-2016)

**Independent Auditors Report on Additional Information  
Contained in the Table of Statistical Data and  
Schedule of Units of Service**

Board of Directors  
Ouachita Behavioral and Wellness and Affiliates  
Hot Springs, Arkansas

We have audited the Ouachita Behavioral Health and Wellness (OBHAW), a nonprofit organization, statistical system and related internal control measures for documenting and appropriate reporting of data regarding: staff activities, units of service and recipients of services.

Our audit for the year ended June 30, 2017, was made in accordance with applicable auditing standards generally accepted in the United States of America and specific auditing standards promulgated by the Mental Health Services Division, Department of Human Services, State of Arkansas, and included such tests of the statistical records as we deemed necessary in the circumstances. Under the auditing standards adopted by the Mental Health Services Division, the purpose of such evaluation is to determine the statistical system's:

- a. Consistency between the definitions and units of service prescribed by the Mental Health Services Division and reported by OBHAW,
- b. Reliability for accurately and completely documenting and reporting client and community services data as required by the Mental Health Services Division. Such reliability is dependent on adoption and utilization of appropriate internal control measures within the statistical system.

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

- a. To promote accurate and complete documentation of client admissions and discharges,
- b. To promote accurate and appropriate documentation of services rendered to clients and the community.

Our evaluation of OBHAW's statistical system was centered on these issues and specifically focused on the degrees to which appropriate internal control measures were used.

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

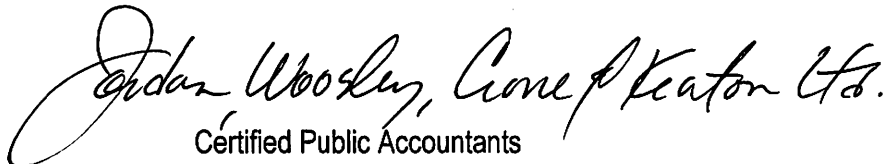


Because of inherent limitations in any system of statistical internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that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

In our opinion, the statistical system of Ouachita Behavioral Health and Wellness taken as a whole:

- a. Provides statistical data consistent with the definitions and unitization of services prescribed by the Mental Health Services Division,
- b. Incorporates and utilizes appropriate measures of internal control to promote reliable documentation and reporting of data regarding: staff activities, units of service and recipients of services.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and State agencies administering federally assisted programs and State programs and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants  
Hot Springs, Arkansas

November 6, 2017

# **Ouachita Behavioral Health and Wellness**

## **TABLE OF STATISTICAL DATA For the Year Ended June 30, 2017**

<b>Service Description</b>	<b>Units of Service</b>	<b>Cost per Unit of Service</b>	<b>Number of Client Contacts</b>
	<b>(15 min. each)</b>	<b>(in dollars)</b>	
<b>Crisis intervention/stabilization</b>	8,489	\$34.82	2,271
<b>Family therapy</b>	10,830	\$29.69	3,145
<b>Group therapy</b>	69,610	\$31.27	17,389
<b>Individual therapy</b>	114,057	\$29.50	32,338
<b>Mental health evaluation/diagnosis</b>	15,122	\$25.14	2,634
<b>Pharmacologic management by physician</b>	9,886	\$57.36	5,435
<b>Intervention - professional</b>	4,799	\$21.47	1,548
<b>Intervention - paraprofessional</b>	101,733	\$21.62	29,057
<b>Psychiatric diagnostic assessment</b>	5,551	\$51.11	1,718
<b>Psychological evaluation</b>	686	\$35.25	175
<b>Rehabilitative day treatment</b>	281,478	\$29.38	40,782
<b>Treatment planning</b>	24,863	\$31.42	10,811

**Ouachita Behavioral Health and Wellness**  
**SCHEDULE OF UNITS OF SERVICE**  
**For the Year Ended June 30, 2017**

	<u>CASSP</u>	<u>Block Grant</u>	<u>Community Support Program</u>	<u>Per Capita</u>	<u>Social Services Title XX</u>	<u>Federal Medicaid (73%)</u>	<u>Federal Medicaid (27%)</u>
Totals	0	529	7,557	4,912	12,255	406,715	150,430

**Food Program**

	<u>Adult Care</u>			<u>Child Care</u>			<u>National School Lunch</u>	
	<u>Breakfast</u>	<u>Lunch</u>		<u>Breakfast</u>	<u>Lunch</u>		<u>Student</u>	<u>Lunch</u>
							<u>Breakfast</u>	<u>Lunch</u>
July	1,153	1,076					0	0
August	1,198	1,134	305	315	290		382	380
September	1,016	942	407	413	402		429	430
October	1,110	1,022	598	997	892		435	439
November	1,041	970	470	472	464		376	379
December	982	911	446	457	444		323	327
January	913	855	523	498	446		359	368
February	925	870	481	491	487		439	442
March	1,113	1,061	480	507	498		331	335
April	976	923	468	490	483		338	348
May	1,155	1,087	509	515	512		333	333
June	1,091	1,006	420	444	438		0	0
	<u>12,673</u>	<u>11,857</u>	<u>5,107</u>	<u>5,599</u>	<u>5,356</u>		<u>3,745</u>	<u>3,781</u>