

**VALEO BEHAVIORAL
HEALTH CARE, INC.**

Financial Statements
with
Independent Auditors' Report
For the years ended December 31, 2012 and 2011

By

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VALEO BEHAVIORAL HEALTH CARE, INC.
FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Valeo Behavioral Health Care, Inc.

Report of the Financial Statements

We have audited the accompanying financial statements of Valeo Behavioral Health Care, Inc. (Valeo), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 risk of material misstatement of the financial statement, 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 obtained in sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As discussed in Note 12 to the financial statements, an affiliate which Valeo controls has not been consolidated in the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that all fully-controlled affiliates be accounted for as a consolidated subsidiary. If the financial statements of Valeo CRP had been consolidated with those of Valeo, total assets and total liabilities would have increased by \$1,770,073 and \$1,702,828 as of December 31, 2012 and 2011; and revenues and expenses would have increased by \$40,583 and \$(128,492) for the years then ended.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Valeo Behavioral Health Care, Inc. at December 31, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of expenditures of state awards, and schedules of cash receipts and disbursements are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit financial statement 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 July 24, 2013, on our consideration of Valeo Behavioral Health Care, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Valeo Behavioral Health Care, Inc.'s internal control over financial reporting and compliance.


Douthett & Co. CPA, PA
Certified Public Accountants
Topeka, Kansas
July 24, 2013

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,290,301	\$ 5,803,808
Operating investments	6,024,522	6,020,018
Accounts receivable, net	652,870	647,214
Accrued investment income	51,571	43,055
Grants receivable	169,890	134,953
Other receivable	163,625	167,472
Due from Valeo CRP, Inc.	8,503	9,618
Prepaid expenses	<u>192,887</u>	<u>356,853</u>
Total Current Assets	13,554,169	13,182,990
CASH AND CASH EQUIVALENTS, Board designated	653,545	657,094
PROPERTY AND EQUIPMENT, net of accumulated depreciation	3,557,178	3,469,616
OTHER ASSETS		
Financing costs, net of accumulated amortization	<u>58,716</u>	<u>71,288</u>
TOTAL ASSETS	<u>\$ 17,823,608</u>	<u>\$ 17,380,989</u>

See accompanying notes to financial statements

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 143,902	\$ 176,624
Accrued payroll	458,280	342,939
Accrued vacation	500,580	494,493
Other current liabilities	489,708	442,848
Current portion of long-term debt	215,000	205,000
Deferred revenue	-	317,497
Total Current Liabilities	<u>1,807,470</u>	<u>1,979,401</u>
LONG-TERM DEBT, less current portion, net of discount	<u>918,234</u>	<u>1,127,649</u>
TOTAL LIABILITIES	<u>2,725,704</u>	<u>3,107,050</u>
NET ASSETS		
Unrestricted:		
Board designated	757,053	707,940
Undesignated	<u>14,340,851</u>	<u>13,565,999</u>
TOTAL NET ASSETS	<u>15,097,904</u>	<u>14,273,939</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,823,608</u>	<u>\$ 17,380,989</u>

See accompanying notes to financial statements

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENTS OF ACTIVITIES
For the years ended December 31, 2012 and 2011

	2012	2011
SUPPORT		
State mental health funds	\$ 2,390,987	\$ 2,125,605
Federal and state grants and contracts	2,303,337	2,225,888
Shawnee County taxes	1,897,364	2,158,226
City of Topeka taxes	369,000	307,811
Total Support	6,960,688	6,817,530
REVENUES		
Net patient fees	10,473,503	10,645,309
Management fees	234,123	167,448
Interest	208,032	196,698
Unrealized gain on investments	234,235	(24,446)
Miscellaneous	203,955	227,456
Total Revenues	11,353,848	11,212,464
TOTAL SUPPORT AND REVENUES	18,314,536	18,029,995
OPERATING EXPENSES		
Salaries and fringe benefits	12,180,317	11,379,178
Payments to affiliates	1,973,564	1,932,118
Depreciation and amortization	487,239	451,136
Telephone and utilities	402,448	414,256
Food and client supplies	389,543	395,133
Maintenance and repairs	276,491	356,865
Meetings and travel	238,748	226,062
Rents	60,315	64,842
Advertising	22,572	14,622
Printing and postage	29,787	30,440
Professional services	534,148	583,053
General and professional liability insurance	76,034	75,292
Seminars	57,228	58,028
Office supplies	98,152	115,964
Data processing supplies and support	194,467	135,488
Interest expense	58,521	66,282
Client transportation	68,168	65,633
Medical supplies	58,406	45,319
Medical services	2,918	4,870
Dues and memberships	52,430	75,071
Non-capital equipment	68,394	82,440
Property insurance	77,036	77,761

See accompanying notes to financial statements

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENTS OF ACTIVITIES (Continued)
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING EXPENSES (Continued)		
Books and library materials	\$ 5,353	\$ 5,367
Miscellaneous	<u>78,292</u>	<u>71,621</u>
TOTAL OPERATING EXPENSES	<u>17,490,571</u>	<u>16,726,841</u>
INCREASE IN UNRESTRICTED NET ASSETS	823,965	1,303,154
NET ASSETS, beginning of year	<u>14,273,939</u>	<u>12,970,785</u>
NET ASSETS, end of year	<u>\$ 15,097,904</u>	<u>\$ 14,273,939</u>

See accompanying notes to financial statements

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 823,965	\$ 1,303,154
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	487,239	451,136
Changes in assets and liabilities:		
Accounts receivable	(5,656)	68,435
Grants receivable	(34,938)	(13,518)
Other receivable	3,847	1,406
Due from Valeo CRP, Inc.	1,116	8,950
Prepaid expenses	163,966	(190,141)
Accounts payable	(32,722)	(13,450)
Accrued payroll	115,341	25,993
Accrued vacation	6,087	(9,130)
Other current liabilities	46,860	(2,921)
Deferred revenue	(317,497)	298,158
Net Cash Provided (Used) by Operating Activities	1,257,608	1,928,073
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(562,229)	(580,342)
Investment income	-	(190,630)
Investment expense	27,876	24,917
Realized and unrealized (gain) loss on investments	234,233	24,446
Proceeds from redemption of operating investments	324,870	1,677,818
Purchase of operating investments	(600,000)	(2,600,000)
Net Cash Provided (Used) by Investing Activities	(575,250)	(1,643,791)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on certificates	(199,414)	(188,673)
NET INCREASE (DECREASE) IN CASH	482,944	95,609
CASH AND CASH EQUIVALENTS, beginning of year	6,460,902	6,365,293
CASH AND CASH EQUIVALENTS, end of year	\$ 6,943,846	\$ 6,460,902

See accompanying notes to financial statements

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENTS OF CASH FLOWS (Continued)
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
STATEMENT OF FINANCIAL POSITION PRESENTATION:		
Cash and cash equivalents	\$ 6,290,301	\$ 5,803,808
Operating investments - Board designated	<u>653,545</u>	<u>657,094</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,943,846</u>	<u>\$ 6,460,902</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 58,521</u>	<u>\$ 66,282</u>

See accompanying notes to financial statements

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Valeo Behavioral Health Care, Inc. (Valeo) is a comprehensive mental health center licensed by the State of Kansas with three major program components serving Shawnee County, Kansas. The first program, Mental Health Services, provides a crisis stabilization unit and case management services to the long-term mentally ill adult population, screening, referrals, short-term outpatient mental health services and a 24-hour crisis service. The second program, Medical Services, provides medication services to those who require psychotropic medications and monitoring. The third program, Valeo Recovery Center, provides residential and outpatient treatment for alcoholism and drug dependency.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as unrestricted, temporarily restricted or permanently restricted based on whether there are donor imposed restrictions.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, Valeo is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Support that is restricted by donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Net assets are released from restrictions by incurring expenses satisfying the restricted purpose. The Organization has no temporarily or permanently restricted net assets as of December 31, 2012 and 2011.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of petty cash, checking accounts and money market accounts. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Organization had no noncash financing transactions nor made cash payments for income taxes.

On December 31, 2012, Valeo purchased \$723,460 of Federal Home Loan Bank and Federal Farm Credit Banks bonds under a daily repurchase agreement to be resold on January 2, 2013. On December 31, 2011, Valeo purchased \$1,340,655 of Federal Home Loan Bank bonds under a daily repurchase agreement to be resold on January 2, 2012. These amounts are included in cash and cash equivalents in the accompanying Statements of Financial Position. Due to the short-term nature of the agreement, Valeo did not take possession of the securities, which were instead held in Valeo's safekeeping account at the bank.

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Investments

Operating investments consist of a certificate of deposit and equity and debt securities. The equity and debt securities, which are held by investment companies, are carried at market value. The certificate of deposit, which is held by a financial institution, is carried at cost because it is not affected by market rate changes.

Accounts Receivable

Accounts receivable are carried at original invoice amount less estimates for contractual allowances and uncollectible amounts based on a review of all outstanding amounts on a regular basis. After all third party sources have been billed, individual consumers are given ninety days to pay their balances. When a balance is greater than ninety days old, Valeo determines whether the account should be sent to a collection agency or written off.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the lives of property and equipment are capitalized. When assets are retired or otherwise disposed of, the asset and related accumulated depreciation are reduced and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs are expensed as incurred.

Financing Costs

Financing costs are being amortized using a method which approximates the effective interest method over the term of the certificates of participation. Amortization expense for the years ended December 31, 2012 and 2011 was \$5,586 and \$7,008, respectively.

Accrued Vacation

Personal leave is accrued at varying rates based on years of service. A maximum of thirty days of vacation leave may be accrued by any employee.

Deferred Revenue

Grant funds received but unearned at the end of an accounting period are reflected as deferred revenue.

Net Patient Fees

Net patient fees are reported at the estimated net realizable amounts from patients, third-party payors, and others for service rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined.

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are charged to operations when incurred. For the years ended December 31, 2012 and 2011, advertising costs totaled \$22,572 and \$14,622.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in Note 10 to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services on the basis of benefits received from the associated costs. Affiliates are subrecipients of federal, state and local moneys.

Income Taxes

Valeo, which has been classified as an entity other than a private foundation, is exempt from federal income taxes under the provisions of the Internal Revenue Code, Section 501(c)(3). Accordingly no provision for income taxes has been made.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INVESTMENT OF FUNDS

At December 31, 2012 and 2011, the bank balances of Valeo's deposits was \$1,405,471 and \$2,051,441, of which \$250,000 was covered by Federal Deposit Insurance Corporation (FDIC), \$723,460 and \$1,340,655 secured by securities held in a sweep account. At December 31, 2012 and 2011, the remaining bank balance was insured by additional FDIC insurance available through the Transaction Account Guarantee Program purchased by the bank. The Organization was fully insured at December 31, 2012 and 2011.

In addition, Valeo holds \$9,842,377 and \$10,656,071 of cash and cash equivalents at December 31, 2012 and 2011 in separate accounts held by investment and trust companies. Investments in certain mutual funds are insured up to \$500,000, with a limit of \$100,000 for cash, by the Securities Investor Protection Corporation (SIPC). At December 31, 2012 and 2011, the Organization had approximately \$8,403,048 and \$8,602,048 in excess of SIPC insured limits. The brokerage firms have purchased additional insurance from external insurance companies against loss and the investments with these firms were fully insured at December 31, 2012. However, at December 31, 2012 and 2011, the Organization had investments held by a trust company in municipal and corporate bonds in the amount of \$2,407,432 and \$3,981,429 that were uninsured and investments in government backed securities in the amount of \$975,762 and \$1,158,512 that are uninsured.

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS For the years ended December 31, 2012 and 2011

NOTE 3 – OPERATING INVESTMENTS

Investments include mutual funds, certificates of deposit, U.S. government backed obligations, municipal bonds, corporate bonds and foreign corporate bonds. These are recorded at fair value based on quoted market prices which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses related to changes in fair value are reported in the statement of activities.

The disclosure requirements of the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 820) establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ACS 820 are described below:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
Level 3	Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value for the Organizations investments are determined by quoted market prices.

Operating investments consists of the following at December 31, 2012 and 2011:

	2012		2011	
	Fair Value	Cost	Fair Value	Cost
Certificate of deposit	\$ 250,762	\$ 250,762	\$ 246,374	\$ 246,374
Negotiable certificate of deposit	625,000	625,485	100,077	100,000
Mutual Funds	624,827	693,987	633,703	675,625
Municipal bonds	1,550,892	1,562,922	1,209,683	1,199,948
Municipal bonds - taxable	856,540	926,742	896,912	856,540
Corporate bonds	1,609,337	1,674,499	1,370,370	1,372,412
Foreign corporate bonds	407,164	429,571	404,387	407,164
US Government agency obligations	100,000	100,488	1,158,512	1,156,260
Total Operating Investments	<u>\$ 6,024,522</u>	<u>\$ 6,264,457</u>	<u>\$ 6,020,018</u>	<u>\$ 6,014,323</u>

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011

NOTE 3 – OPERATING INVESTMENTS (Continued)

The fair values of assets measured on a recurring basis are as follows:

December 31, 2012				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of deposit	\$ 250,762	\$ 250,762	\$ -	\$ -
Negotiable certificate of deposit	625,000	625,000	-	-
Mutual Funds	624,827	624,827	-	-
Municipal bonds	1,550,892	1,550,892	-	-
Municipal bonds - taxable	856,540	856,540	-	-
Corporate bonds	1,609,337	1,609,337	-	-
Foreign corporate bonds	407,164	407,164	-	-
US Government agency obligations	100,000	100,000	-	-
Total Operating Investments	<u>\$ 6,024,522</u>	<u>\$ 6,024,522</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2011				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of deposit	\$ 246,374	\$ 246,374	\$ -	\$ -
Negotiable certificate of deposit	100,077	100,077	-	-
Mutual Funds	633,703	633,703	-	-
Municipal bonds	1,209,683	1,209,683	-	-
Municipal bonds - taxable	896,912	896,912	-	-
Corporate bonds	1,370,370	1,370,370	-	-
Foreign corporate bonds	404,387	404,387	-	-
US Government agency obligations	1,158,512	1,158,512	-	-
Total Operating Investments	<u>\$ 6,020,018</u>	<u>\$ 6,020,018</u>	<u>\$ -</u>	<u>\$ -</u>

There have been no changes in the methodologies used at December 31, 2012 and 2011.

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011

NOTE 4 – NET PATIENT FEES

Valeo generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plan or policies. Additionally, agreements have been established with third-party payors that provide for payments to Valeo at amounts different from its established rates. The basis for payment to Valeo under these agreements includes prospectively determined discounts from established charges or prospectively determined daily rates.

Allowance for bad debt at December 31, 2012 and 2011 was \$158,088 and \$137,506, respectively. Contractual allowances totaled \$136,206 and \$188,774 at December 31, 2012 and 2011.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2012	2011
Land	\$ 799,003	\$ 373,775
Buildings	5,898,609	5,877,687
Real estate leasehold	123,676	123,676
Leasehold improvements	247,984	247,984
Office equipment	2,406,058	2,345,989
Motor vehicles	404,538	349,126
Total Property and Equipment	9,879,870	9,318,236
Less accumulated depreciation	(6,322,692)	(5,848,619)
Net Property and Equipment	<u>\$ 3,557,178</u>	<u>\$ 3,469,616</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$487,239 and \$451,136, respectively.

In 2005, the Board of Directors of Valeo transferred a house from Valeo CRP, Inc., a wholly owned subsidiary to Valeo. This transfer was recorded as a capital contribution on the accompanying Statement of Activities.

NOTE 6 – OPERATING LEASE COMMITMENTS

Valeo leases equipment under several operating leases which expire in various years through 2012. Total rent expense was \$60,315 and \$64,842 for the years ended December 31, 2012 and 2011. The future minimum operating lease payments are as follows:

2013	<u>\$ 4,870</u>
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VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011

NOTE 7 - LONG-TERM DEBT

In 1991, the construction of a facility and the purchase of land and a building for Valeo Recovery Center were financed through Certificates of Participation issued by Shawnee County, Kansas (the County). Valeo is the sublessee and the County is the lessee in the transaction which is, in substance, a capital lease. In June 1994, the County issued \$1,215,000 in Certificates of Participation for the purpose of advance refunding the remaining principal of the Series 1991 issue.

In February 1999, the County issued \$3,375,000 in Certificates of Participation Series 1999A, at a discount of \$69,945, for the purpose of refunding the 1994 Certificates of Participation and to finance the cost of the expansion of certain facilities. The 1999A Certificates of Participation require annual principal payments and expire in 2019. The balance due at December 31, 2004 was \$2,635,000 less the discount of \$39,757. This discount is being amortized over the life of the certificates. Amortization of the discount charged to interest expense was \$2,685 and \$3,113 in 2012 and 2011.

In August, 2005, the County issued Certificates of Participation Series 2005, at a discount of \$33,742, for the purpose of refunding the 1999A Certificates of Participation. The 2005 Certificates of Participation require annual principal payments and expire in 2017. They bear an interest rate from 2.8% to 4.0%. As the 1999A Certificates are not callable until 2009, the discount on this issue is still being amortized over the life of the original certificates. The discount on the 2005 bonds is also being amortized over the life of the bonds. The balance due at December 31, 2012 and 2011 was \$1,150,000 and \$1,355,000, respectively, less the cumulative discount of \$16,766 and \$22,351. Amortization of the discount charged to interest expense was \$2,812 and \$3,528 in 2012 and 2011. Maturities of long-term debt are as follows:

2013	\$	215,000
2014		220,000
2015		230,000
2016		240,000
2017		245,000
Thereafter		-
Total Debt		1,150,000
Less: Discount on long-term debt		(16,766)
Current portion of long-term debt		(215,000)
Net Long-term Debt	\$	<u>918,234</u>

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS For the years ended December 31, 2012 and 2011

NOTE 8 - BOARD DESIGNATED FUNDS

Valeo has designated a portion of net assets to provide for the repayment of principal and interest on the Certificates of Participation and for health insurance withheld.

The amounts designated at December 31 are as follows:

	2012	2011
Bond payments - principal and interest	\$ 653,545	\$ 657,094
Health insurance withheld	103,508	50,846
Total Designated Net Assets	<u>\$ 757,053</u>	<u>\$ 707,940</u>

NOTE 9 - PENSION PLAN

The Organization has a 401(k) Plan (Plan) to provide retirement benefits for its employees. Employees may contribute from their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company contributes 50% of the first 4% of base compensation that an employee contributes to the Plan. All matching contributions vest on years of continuous service. An employee is 100% vested after six years of credited service. In addition, the Plan provides for discretionary profit-sharing contributions as determined by the Board of Directors. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants.

Valeo's matching contributions to the Plan was \$89,402 and \$82,300 and profit-sharing was \$376,412 and \$372,683 for the years ended December 31, 2012 and 2011.

NOTE 10 - FUNCTIONAL EXPENSES

Valeo's expenses by function are as follows for the year ended December 31:

	2012	2011
Administration and overhead	\$ 2,455,361	\$ 2,374,744
Mental health services	8,708,120	8,362,862
Medical services	1,582,292	1,551,089
Valeo Recover Center	2,771,234	2,506,028
Unallocate payments to affiliates	1,973,564	1,932,118
Total Expenses	<u>\$ 17,490,571</u>	<u>\$ 16,726,841</u>

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS For the years ended December 31, 2012 and 2011

NOTE 11 - PAYMENTS TO OTHERS

Valeo's payments to other organizations for the year ended December 31 consist of the following:

	2012	2011
Breakthrough House	\$ 387,223	\$ 456,421
Family Service and Guidance Center	1,484,223	1,475,697
Total Pass-through of Grants and Tax Subsidies	<u>\$ 1,871,446</u>	<u>\$ 1,932,118</u>

NOTE 12 - TRANSACTIONS WITH AFFILIATE

Valeo CRP, Inc. (CRP) was created to provide residential housing and care for individuals in need of continuing mental health care. Valeo is the sole member of CRP. CRP pays Valeo 15% of its net patient fees and professional fees as a management fee. Management fees totaled \$234,123 and \$167,448 for the years ended December 31, 2012 and 2011. CRP owes Valeo \$8,503 and \$9,618 at December 31, 2012 and 2011.

The financial position and results of operations of CRP for 2012 and 2011 are not included in these financial statements. Valeo CRP, Inc. issues separate financial statements.

NOTE 13 - RISK MANAGEMENT

Valeo participates in a partially self-funded health insurance program administered by Blue Cross Blue Shield. A monthly premium is paid for stop-loss coverage and includes an amount for administrative costs. The maximum liability for Valeo for each individual covered is \$60,000 per plan year with an aggregate plan maximum liability of approximately \$1,135,900.

Valeo made claim payments of approximately \$800,000 and \$674,000 during the years ended December 31, 2012 and 2011. At December 31, 2012 and 2011, Valeo had recorded a liability of approximately \$100,000 and \$50,000 for estimated self-insured liability claims which are included in other current liabilities on the Statement of Financial Position.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Litigation

Valeo is a party to litigation matters and claims arising in the normal course of its operations. In the opinion of management, disposition of these matters will not have a material adverse effect on Valeo's financial position or results of operations.

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011

NOTE 15 – INCOME TAX MATTERS

Valeo Behavioral Health Care, Inc. adopted the accounting standard on accounting for uncertainty in income taxes. The Organization files a Form 990 (Return of Organization Exempt from Income Tax) annually. When this return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to not for profit organizations include such matters as the following: the tax exempt status of the entity and the nature, characterization and taxability of various positions relative to potential sources of unrelated business taxable income. Unrelated business taxable income is reported on Form 990T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the “more likely than not” recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of December 31, 2012 and 2011, there were no uncertain tax benefits identified and recorded as a liability.

The Form 990 filed by the Organization is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the return. The Form 990 filed by the Organization is no longer subject to examination for the fiscal years ended December 31, 2008 and prior.

NOTE 16 – SUBSEQUENT EVENTS

The Organization adopted FASB ASC Topic 855, *Subsequent Events*. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The adoption of ASC 855 had no impact on the Organization’s financial statements.

In accordance with ASC 855, the Organization evaluated subsequent events through July 24, 2013, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

VALEO BEHAVIORAL HEALTH CARE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2012

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Award Amount	Expenditures
U.S. Department of Health and Human Services:				
Passed through Kansas Department of Social and Rehabilitation Services:				
Substance Abuse Prevention and Treatment Block Grant	93.959	ADT 05-05-04 *	\$ 263,326	\$ 264,992
Community Mental Health Services Block Grant	93.958	MHCC 12-023	413,593	206,796
Community Mental Health Services Block Grant	93.958	MHCC 13-023	413,593	206,797
Total Community Health Services Block Grant				413,593
PATH Block Grant	93.150	PATH 11-023 *	122,107	65,829
Total Expenditures				\$ 744,414

* Award Amended

See accompanying notes to schedule of federal and state awards

VALEO BEHAVIORAL HEALTH CARE, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the year ended December 31, 2012

Grantor/Pass-through Grantor/Program Title	Pass-through Grantor's Number	Award Amount	Expenditures
Kansas Department of Social and Rehabilitation Services:			
Substance Abuse Prevention and Treatment Block Grant	ADT 05-05-04	* \$ 976,028	\$ 976,028
Mental Health Reform Contract	MHCC 12-023	1,159,436	544,867
Mental Health Reform Contract	MHCC 13-023	1,290,090	614,565
Total Mental Health Reform Contract			1,159,432
Mental Health State Aid	DBSH-SA-11-21	976,028	488,014
Mental Health State Aid	DBSH-SA-12-21	976,028	488,014
Total Mental Health State Aid			976,028
Project Access		33,912	33,912
Total Expenditures			\$ 3,145,400

See accompanying notes to schedule of federal and state awards

VALEO BEHAVIORAL HEALTH CARE, INC.

NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2012

NOTE 1 – GENERAL

The accompanying schedules of expenditures of federal and state awards present the activity of all federal and state awards to Valeo Behavioral Health Care, Inc.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying schedules are presented on the accrual basis of accounting.

VALEO BEHAVIORAL HEALTH CARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2012

Section I – Summary of Auditor’s Results

Summary of independent auditors’ results:

Financial statements:

Type of report issued:

Financial statements	Qualified
Compliance for Major Programs	Unqualified

Internal control over financial reporting:

Material weaknesses identified	None
Significant Deficiencies identified that are not considered to be material weaknesses	None reported

Material noncompliance noted:	None
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Federal awards:

Internal control over major programs:

Material weaknesses identified	None
Significant Deficiencies identified that are not considered to be material weaknesses	None reported

Major Programs:

Community Mental Health Services Block Grant	CFDA No. 93.958
Findings required to be reported	None
Dollar threshold between Type A and Type B programs	\$300,000
Low-risk auditee	No

VALEO BEHAVIORAL HEALTH CARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2012

Section II – Financial Statements Findings

There were no material weaknesses nor instances of noncompliance related to the financial statements that are required to be reported.

Section III – Federal Award Findings and Questioned Costs

There were no audit findings required to be reported by section 510 (a) of Circular A-133 found or reported.

Section IV – Status of Corrective Action Taken on Prior Findings

There were no audit findings or questioned costs for the year ended December 31, 2011 and therefore no corrective action was needed during year ended December 31, 2012.

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
Valeo Behavioral Health Care, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Valeo Behavioral Health Care, Inc. (Valeo), a nonprofit organization, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated DATE. The financial statements of Valeo Behavioral Health Care, Inc. as of and for the year ended December 31, 2012, are qualified because the financial statements do not include the financial position and results of operations and cash flows of Valeo CRP, Inc., an affiliate which Valeo controls.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Valeo'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 Valeo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

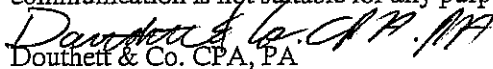
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valeo's 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 provide an opinion on the effectiveness of the organization's internal or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any purpose.


Douthett & Co. CPA, PA

Certified Public Accountants

Topeka, Kansas

July 24, 2013

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

To the Board of Directors
Valeo Behavioral Health Care, Inc.

Report on Compliance for Each Major Federal Program

We have audited Valeo Behavioral Health Care, Inc.'s (Valeo) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Valeo Behavioral Health Care, Inc.'s major federal program for the year ended December 31, 2012. Valeo Behavioral Health Care, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Valeo Behavioral Health Care, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.


Report on Internal Control Over Compliance

Management of Valeo is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Valeo's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Valeo's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirement of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Douglas & Co. CPA, PA
Certified Public Accountants
Topeka, Kansas
July 24, 2013

SUPPLEMENTARY INFORMATION BASED ON SOCIAL AND
REHABILITATION SERVICES' REQUIREMENTS

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GRANT ACTIVITY – CASH BASISPATH BLOCK GRANT #PATH 11-023
For the year ended December 31, 2012

	<u>Budget</u>	<u>Through 12-31-10</u>	<u>Actual 1-1-11 to 12-31-11</u>	<u>Actual 1-1-12 to 12-31-12</u>	<u>Total</u>
Receipts:					
Grant	<u>\$ 185,075</u>	<u>\$ 35,909</u>	<u>\$ 95,733</u>	<u>\$ 68,105</u>	<u>\$ 199,747</u>
Disbursements:					
Staffing/personnel	\$ 161,980	\$ 41,389	\$ 84,874	\$ 86,462	\$ 212,725
Travel	7,680	1,766	4,091	3,681	9,538
Supplies	11,815	3,550	6,760	7,577	17,887
Other expenses	<u>3,600</u>	<u>506</u>	<u>1,996</u>	<u>2,053</u>	<u>4,555</u>
Total Disbursements	<u>\$ 185,075</u>	<u>\$ 47,211</u>	<u>\$ 97,721</u>	<u>\$ 99,773</u>	<u>\$ 244,705</u>

* Valeo provided a match of \$63,600 for this grant

Includes Federal PATH Funds of \$122,107 and State Post-access Funds of \$62,968

See accompanying independent auditors' report

VALEO BEHAVIORAL HEALTH CARE, INC.
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 GRANT ACTIVITY – CASH BASIS

TRANSITIONAL HOUSING GRANT #IH 11-023
 For the year ended December 31, 2012

	<u>Budget</u>	<u>Actual 1-1-12 to 12-31-12</u>	<u>Over (Under) Budget</u>
Receipts:			
Grant	<u>\$ 9,679</u>	<u>\$ 9,679</u>	<u>\$ -</u>
Disbursements:			
Rent & utilities	<u>\$ 9,679</u>	<u>\$ 9,679</u>	<u>\$ -</u>
Total Disbursements	<u>\$ 9,679</u>	<u>\$ 9,679</u>	<u>\$ -</u>

See accompanying independent auditors' report

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GRANT ACTIVITY – CASH BASISTRANSITIONAL HOUSING GRANT #IH 12-023
For the year ended December 31, 2012

	<u>Budget</u>	<u>Actual 1-1-12 to 12-31-12</u>	<u>Over (Under) Budget</u>
Receipts:			
Grant	<u>\$ 17,279</u>	<u>\$ 7,980</u>	<u>\$ (9,299)</u>
Disbursements:			
Rent & utilities	<u>\$ 17,279</u>	<u>\$ 7,980</u>	<u>\$ (9,299)</u>
Total Disbursements	<u>\$ 17,279</u>	<u>\$ 7,980</u>	<u>\$ (9,299)</u>

See accompanying independent auditors' report

VALEO BEHAVIORAL HEALTH CARE, INC.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GRANT ACTIVITY – CASH BASIS

OTHER GRANTS

For the year ended December 31, 2012

	Budget	Through 12-31-11	Actual 1-1-12 to 12-31-12	Total
Substance Abuse Prevention and Treatment Block Grant #ADT 05-05-04				
Receipts	\$ 10,956,142	\$ 8,967,196	\$ 1,433,431	\$ 10,400,627
Disbursements	\$ 10,956,142	\$ 9,389,331	\$ 1,458,825	\$ 10,848,156
Mental Health State Aid #DBSH-SA-12-21				
Receipts	\$ 976,028	\$ -	\$ 244,007	\$ 244,007
Disbursements	\$ 976,028	\$ -	\$ 244,007	\$ 244,007
Mental Health State Aid #DBSH-SA-13-21				
Receipts	\$ 976,028	\$ -	\$ 488,014	\$ 488,014
Disbursements	\$ 976,028	\$ -	\$ 488,014	\$ 488,014
Mental Health Reform Contract #MHCC 12-023				
Receipts	\$ 1,573,029	\$ -	\$ 720,972	\$ 720,972
Disbursements	\$ 1,573,029	\$ -	\$ 720,972	\$ 720,972
Mental Health Reform Contract #MHCC 12-023				
Receipts	\$ 2,084,075	\$ -	\$ 1,042,038	\$ 1,042,038
Disbursements	\$ 2,084,075	\$ -	\$ 1,042,038	\$ 1,042,038

See accompanying independent auditors' report