

Town of Greensboro, Vermont

Appropriation Request Application — Fiscal Year 2027

(for submission to the Greensboro Selectboard / Budget Committee)

Submission deadline: Thursday, December 1, 2025

Authority under Vermont State statute:

The authority for making appropriations for social service agencies is in 24 VSA § 2691 as follows:

At a meeting duly warned for that purpose, a town or incorporated village may appropriate such sums of money as it deems necessary for the support of social service programs and facilities within that town for its residents. Social service programs, for which a town or incorporated village may appropriate sums of money, include, but are not limited to: transportation, nutrition, medical, childcare, and other rehabilitative services for persons with low incomes, senior citizens, children, disabled persons, drug and alcohol abusers, and persons requiring employment to eliminate their need for public assistance. The authority herein granted is not in derogation of other local powers to allocate funds.

Section A: Organization / Applicant Information

1. Name of Organization/Agency: Northeast Kingdom Human Services, Inc.
 2. Mailing Address: P. O. Box 724, Newport, VT 05855
 3. Physical Address (if different): Offices located at 181 Crawford Road, Newport and 2225 Portland Street, St. Johnsbury, Vermont
 4. Contact Person / Authorized Representative: Kate Olney
 5. Title / Role: Director of Development
 6. Telephone: 406-438-5018
 7. Email: KOlney@nkhs.net
 8. Website (if any): https://nkhs.org/
-

Section B: Request Summary

9. Amount of Appropriation Requested: **\$1524**

10. Purpose / Program(s) for which funds will be used:

These funds support Northeast Kingdom Human Services, Inc.'s (NKHS) mission to empower individuals, families, and communities by promoting hope, healing, and support by offering services to your community members who otherwise cannot afford care.

This request is the same amount as voted at the 2025 Town Meeting and 0.47% of appropriation requests from 48 Northeast Kingdom towns. As a Designated Agency serving Vermont's system of care, we are responsible for assuring that a comprehensive range of services are available regardless of an individual's ability to pay. The 503 NKHS professional employees work to help others live fulfilling lives and contribute to their community. NKHS offers outpatient therapy for adults, children, and families through various programs and supports individuals with developmental disabilities, ensuring equal rights, respect, and dignity. NKHS also provided 363 hours of community outreach with Starting Over Strong VT support, community meetings, and training impacting 6034 individuals. During this time, over 3,995 unique individuals benefitted from the 988-crisis line.

For more information about our agency and services, please visit our website at <https://www.nkhs.org> or call our offices.

11. Is this a new request or a renewal / continuation? New Renewal / Continuation

NOTE: New requests must be accompanied by a petition signed by 5% of Greensboro registered voters. Contact the Town Clerk for more details.

12. If renewal / continuation, amount received in FY 2026 (or most recent year): \$1524

13. If requesting an increase, please explain reason(s) for the increase. Note that only in unusual circumstances will requests for increases be granted.: N/A

Section C: Service Area & Beneficiaries

14. Geographic area served (town, region, etc.): Orleans, Caledonia, and Essex counties

15. Approximate number of individuals served in the last full year: 2724

16. Of those, how many were Greensboro residents? 14

17. Types of services provided (check all that apply):

Social services (food, counseling, transportation, etc.)

Youth / children's programs

Senior / elder services

Cultural / arts / historic

Environmental / conservation

Other: _____

18. Describe how Greensboro residents benefit from your services:

Greensboro residents benefitted from 338 service hours in Fiscal Year 2025. We offer confidential services that include 24/7 emergency mental health care with available walk-in support at the Front Porch Urgent Mental Health Care center in Newport, and call/text/chat mental health support through 988 Suicide & Crisis Lifeline for anyone to access in a crisis. Other available services Greensboro residents benefitted from were therapy, psychiatric services, community support, and care coordination for all ages.

Section E: Financial Information & Budget

19. Total operating budget of your organization (last full fiscal year): \$61,615,000

26. Do any funding sources require a municipal match or other local commitment?

Yes No

If Yes, explain:

We are finding funders now require showing local community commitment or support of some type on new grant applications. Town of Greensboro's appropriation support is very helpful.

Section F: Reporting, Oversight & Accountability

28. If your organization has received municipal appropriations from Greensboro before, provide a report or summary of how those funds were used (attach as appendix). See attached Greensboro-NKHS.2026.Request.SummaryReport document that includes data on services offered to your community members.


29. Person(s) responsible for oversight and compliance within your organization:

Name: Keri Riley-Pickford / Title: Director of Operations and Compliance

Contact: (802)748-6350 ext.1195

Section G: Certification & Signature

I hereby certify that the information in this application is true, accurate, and complete to the best of my knowledge. If funds are granted, I agree to use them for the stated purpose(s) and to provide the required reports and oversight to the Town of Greensboro.

Signature: 

Name (printed): Kate Olney

Title / Role: Director of Development

Date: 11/18/2025

Section H: Attachments (please indicate those included)

(Only for requests of \$500 or more)

Audited financial statements (most recent year) or if no audit was conducted, financial statements prepared by the organization (File name: NKHS FY2024 Final Audit)

Organizational annual report or summary – You should have received a mailed copy of our Fiscal Year 2025 Annual Report under separate cover from our Marketing Team. Please let us know if you need a pdf version emailed to you.

Letters of support or endorsements, if helpful

Northeast Kingdom Human Services, Inc.

FINANCIAL STATEMENTS

June 30, 2024 and 2023

Northeast Kingdom Human Services, Inc.
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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northeast Kingdom Human Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Kingdom Human Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, changes in net assets, 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 or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Kingdom Human Services, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of Northeast Kingdom Human Services, 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 Northeast Kingdom Human Services, Inc.'s internal control over financial reporting and compliance.

Effect of Adopting New Accounting Standard

As discussed in Note 16 to the financial statements, the Organization conformed to ASU 2016-14, change in accounting principal. The change was adopted retroactively. Our opinion is not modified with respect to that matter.

Kittell, Branagan + Sargent

Northeast Kingdom Human Services, Inc.
STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,771,338	\$ 12,809,332
Accounts receivable - trade	3,849,019	3,497,855
Accounts receivable - other	7,004,547	6,383,527
Prepaid expenses	224,426	228,351
TOTAL CURRENT ASSETS	<u>23,849,330</u>	<u>22,919,065</u>
PROPERTY, PLANT & EQUIPMENT, Net of		
Accumulated depreciation of \$10,146,056 and \$9,126,295, respectively	<u>12,739,323</u>	<u>10,737,088</u>
CONSTRUCTION IN PROGRESS	<u>632,417</u>	<u>159,168</u>
OTHER ASSETS		
Deposits	25,930	10,300
Investments	88,348	-
Client trust funds and custodial account	427,376	248,670
Board-designated cash & cash equivalents	<u>2,245,682</u>	<u>2,246,422</u>
TOTAL OTHER ASSETS	<u>2,787,336</u>	<u>2,505,392</u>
 TOTAL ASSETS	 <u>\$ 40,008,406</u>	 <u>\$ 36,320,713</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 2,685,681	\$ 2,207,007
Accrued payroll and related expenses	1,065,523	988,090
Accrued vacation and sick time	1,602,086	1,443,648
Current portion of long-term debt	292,309	264,207
Deferred revenue	1,893,723	1,783,743
Accrued health insurance expense	398,384	557,161
Other accrued expenses	<u>50,519</u>	<u>61,676</u>
TOTAL CURRENT LIABILITIES	<u>7,988,225</u>	<u>7,305,532</u>
CLIENT DEPOSITS	427,376	248,670
LONG-TERM DEBT, less current maturities shown above	<u>4,567,409</u>	<u>4,389,369</u>
 TOTAL LIABILITIES	 <u>12,983,010</u>	 <u>11,943,571</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	24,779,714	22,130,720
Board-designated cash & cash equivalents	<u>2,245,682</u>	<u>2,246,422</u>
TOTAL NET ASSETS	<u>27,025,396</u>	<u>24,377,142</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 40,008,406</u>	 <u>\$ 36,320,713</u>

See Accompanying Notes to Financial Statements.

Northeast Kingdom Human Services, Inc.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30,

	Children	Adult	Community Rehabilitation Treatment	Emergency	Subtotal Mental Health	Developmental Services	Substance Abuse	Non- core Services	Admin- istration	Total 2024	Total 2023
REVENUE											
Client fees, net	\$ 5,424,850	\$ 2,413,729	\$ 4,457,341	\$ 980,177	\$ 13,276,097	\$ 40,113,986	\$ 242,890	\$ -	\$ -	\$ 53,632,973	\$ 48,003,358
State Grants -											
Grant-in-aid	30,646	63,932	149,642	11,404	255,624	5,690	-	-	-	261,314	638,780
Agency of Human Services											
Contracts	141,902	28,169	12,557	1,326,076	1,508,704	283,592	35,420	-	-	1,827,716	1,314,934
Other state contracts / grants	93,743	146,919	549	74,769	315,980	103,577	175,014	1,487,985	690,477	2,773,033	2,137,473
Local revenue	-	101,575	-	-	101,575	-	-	34,276	-	135,851	105,181
Other revenue	63,205	72,992	-	35,910	172,107	18,144	4,902	-	708,100	903,253	740,886
TOTAL REVENUE	5,754,346	2,827,316	4,620,089	2,428,336	15,630,087	40,524,989	458,226	1,522,261	1,398,577	59,534,140	52,940,612
EXPENSES											
Salaries	2,792,135	1,533,437	1,285,591	1,712,543	7,323,706	12,010,203	333,051	-	3,920,533	23,587,493	21,480,287
Fringe benefits	972,640	535,405	466,519	521,101	2,495,665	4,211,451	126,989	-	1,439,806	8,273,911	7,307,593
Other personnel costs	118,960	796,877	1,453,220	51,136	2,420,193	16,142,764	12,835	-	557,078	19,132,870	17,475,811
Program expenses	51,890	6,403	230,203	13,783	302,279	484,134	16,577	-	92,592	895,582	763,136
Operating expenses	78,512	60,908	37,410	67,753	244,583	173,939	25,378	3,972	1,634,929	2,082,801	2,009,412
Client/staff transportation	123,816	24,151	106,029	26,623	280,619	1,027,862	509	-	116,348	1,425,338	1,136,956
Building expenses	29	4,802	45,263	28,707	78,801	227,623	8,185	63,236	1,045,394	1,423,239	1,244,733
Allocation of indirect costs-											
Administration	587,886	380,210	477,552	282,904	1,728,552	3,930,365	95,542	-	(5,754,459)	-	-
Maintenance	519,774	150,991	296,329	63,992	1,031,086	503,642	118,916	-	(1,653,644)	-	-
TOTAL EXPENSES	5,245,642	3,493,184	4,398,116	2,768,542	15,905,484	38,711,983	737,982	67,208	1,398,577	56,821,234	51,417,928
NONOPERATING REVENUE											
Loss on Sale of Assets	-	-	-	-	-	(28,453)	-	(36,199)	-	(64,652)	-
EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES	\$ 508,704	\$ (665,868)	\$ 221,973	\$ (340,206)	\$ (275,397)	\$ 1,784,553	\$ (279,756)	\$ 1,418,854	\$ -	\$ 2,648,254	\$ 1,522,684

See Accompanying Notes to Financial Statements.

Northeast Kingdom Human Services, Inc.
STATEMENTS OF CHANGES IN NET ASSETS
For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess of revenues over expenses	\$ 2,648,254	\$ 1,522,684
NET ASSETS, Beginning of year	<u>24,377,142</u>	<u>22,854,458</u>
NET ASSETS, End of year	<u>\$ 27,025,396</u>	<u>\$ 24,377,142</u>

See Accompanying Notes to Financial Statements

Northeast Kingdom Human Services, Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 2,648,254	\$ 1,522,684
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	972,837	908,768
Provision for bad debts	(161,107)	75,000
Loss from sale of assets	64,652	-
(Increase) decrease in:		
Accounts receivable-trade	(190,057)	(343,916)
Accounts receivable-other	(621,020)	261,021
Prepaid expenses	3,925	196,141
Client trust funds and custodial account	(178,706)	2,829
Investments	(88,348)	-
Deposits	(15,630)	(7,450)
Increase (decrease) in:		
Accounts payable	478,674	(21,344)
Accrued expenses and client payee accounts	65,937	43,901
Deferred revenue	109,980	343,039
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,089,391</u>	<u>2,980,673</u>
CASH FLOWS PROVIDED (USED) IN INVESTING ACTIVITIES:		
Net change in board designated funds	740	80,669
Proceeds from sales of assets	22,637	-
Purchase of property and equipment	(3,356,905)	(2,031,428)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(3,333,528)</u>	<u>(1,950,759)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long term debt	480,000	495,000
Payments on long-term debt	(273,857)	(253,236)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>206,143</u>	<u>241,764</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,994)	1,271,678
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,809,332</u>	<u>11,537,654</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,771,338</u>	<u>\$ 12,809,332</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 210,418</u>	<u>\$ 187,698</u>

See Accompanying Notes to Financial Statements

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Northeast Kingdom Human Services, Inc. (the Agency) is an independent not-for-profit corporation organized to provide services in the areas of mental health and related services and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Agency has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(2) of the Internal Revenue Code. The Agency is organized under Vermont law to provide mental health, developmental and related non-mental health services.

Basis of Presentation

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

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

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

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

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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

Investment

The Agency participates in a captive insurance program as a member of a risk pool for health insurance and general liability purposes to the extent of their ownership. This ownership includes investment in common and preferred stock of Pareto Health. The investment is recorded at a cost of \$88,348 because the stocks are not publicly traded, and market values are not readily determinable.

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

The cost of property and equipment is depreciated over the asset's estimated useful life using the straight-line method. Depreciation expense for the year ended June 30, 2024, and 2023 was \$972,834 and \$908,768, respectively. The Agency has a policy of capitalizing assets with a cost in excess of \$5,000 and a life of three or more years. All property and equipment is recorded at cost or estimated fair value at date of donation.

The Agency reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

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

State Grants

The Organization receives a number of grants from and has entered into various contracts with the State of Vermont related to the delivery of mental health, substance abuse, and developmental disability services.

Vacation Pay and Fringe Benefits

Vacation pay is accrued and charged to fringe benefits when earned by the employee. Fringe benefits are allocated to the appropriate program expense based on the percentage of program salaries to total salaries.

Income Taxes

The Agency is a not-for-profit corporation and none of its present or future activities are anticipated to be taxable as the Agency is exempt under Section 501(c)(3) of the Internal Revenue Code. The Agency is not a private foundation.

Consideration has been given to uncertain tax positions. The federal return of Organization's exempt from income tax for the years after June 30, 2020, remain open for potential examination by major tax jurisdictions, generally for three years after they are filed.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

The Agency receives its grant and contract support primarily from the State of Vermont Agency of Human Services. Revenues are reported as increases to unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between applicable classes of net assets.

Third Party Contractual Arrangements

A significant portion of client revenue is derived from services to clients insured by third-party payors. The Organization receives reimbursement from Medicare, Medicaid and other insurers at defined rates for services rendered to clients covered by these programs. The difference between the established billing rates and the actual rate of reimbursement is recorded as discounted services.

Board Designated

Board designated net assets include the revenues from operations and various unrestricted contributions that the board of directors has set aside to support the future construction of new facilities, the Agency's annual employer retirement plan contribution, a reserve for operations and to comply with debt service requirements under the agency's U.S.D.A mortgage agreement.

Estimates

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

Allocation of Expenses

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

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issues the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transitions to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize the right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Agency elected to adopt these ASUs effective July 1, 2022 and utilized all of the practical expedients. The adoption did not have a material impact on the Agency's balance sheet nor the income statement. The agency was not required to establish a ROU asset or liability for their leases as all lease are on a month to moth or year to year basis.

NOTE 2 ACCOUNTS RECEIVABLE

The Center grants credit without collateral to its clients, most of who are area residents and are insured under third-party payor agreements. The mix of receivables due from clients and third-party payors at June 30, 2024 is noted by the percentages above.

Policy for Evaluating Collectability of Accounts Receivable

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

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

Accounts receivable trade consisted of the following at June 30,:

	<u>2024</u>		<u>2023</u>	
Developmental services:				
Waiver	\$ 3,257,613	78%	\$ 3,065,526	77%
Fee for service	37,836	1%	79,685	2%
Mental health:				
Fee for service	212,270	5%	112,916	3%
Medicaid other	265,548	6%	206,610	5%
Client	209,660	5%	316,156	8%
Insurance	<u>205,481</u>	<u>6%</u>	<u>217,458</u>	<u>5%</u>
Total gross accounts receivable - trade	4,188,408	100%	3,998,351	100%
Allowance for doubtful accounts	<u>(339,389)</u>		<u>(500,496)</u>	
	<u>\$ 3,849,019</u>		<u>\$ 3,497,855</u>	

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

OTE 2 ACCOUNTS RECEIVABLE (continued)

Accounts receivable other consisted of the following at June 30,:

	<u>2024</u>	<u>2023</u>
Federal - CCBHC	\$ 346,904	\$ 60,994
State of Vermont:		
Dept. of Health	111,712	\$ 39,748
Contract Services - Schools	71,157	17,941
Employee Retention Credit	5,982,196	5,982,196
Lifeline Program	248,142	-
Contract Services - Other	10,481	73,501
ADAP	24,971	33,259
Northeast Kingdom Learning Center	14,936	12,360
Reach Up	-	25,000
Medicaid Match Receivable	206	38,688
Eldercare	33,134	34,088
Mobile Crisis	132,092	-
Other receivables	27,222	65,652
Miscellaneous	1,394	100
	<u>\$ 7,004,547</u>	<u>\$ 6,383,527</u>

NOTE 3 PROPERTY AND EQUIPMENT/CONSTRUCTION IN PROGRESS

Property and equipment consisted of the following at June 30,:

	<u>2024</u>	<u>2023</u>
Land	\$ 953,379	\$ 931,378
Buildings and improvements	17,788,351	15,219,038
Furniture and fixtures	11,798	5,311
Office equipment	3,424,892	3,120,208
Vehicles	706,959	587,448
	<u>22,885,379</u>	<u>19,863,383</u>
Accumulated depreciation	<u>(10,146,056)</u>	<u>(9,126,295)</u>
 NET BOOK VALUE	 <u>\$ 12,739,323</u>	 <u>\$ 10,737,088</u>

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 PROPERTY AND EQUIPMENT/CONSTRUCTION IN PROGRESS (continued)

Construction in Progress consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cornerstone Lane Properties	\$ -	\$ 159,168
Elm Street	527,064	-
Lakemont	70,361	-
Berry Hill	34,992	-
	<u>\$ 632,417</u>	<u>\$ 159,168</u>
Total Construction in Progress	<u>\$ 632,417</u>	<u>\$ 159,168</u>

NOTE 4 DEFERRED REVENUE

Deferred revenue consisted of the following at June 30,:

	<u>2024</u>	<u>2023</u>
Developmental services:		
One time funds	\$ 70,047	\$ 103,577
DS respite	256,148	255,951
Mental health:		
Respite - Children	1,251,896	1,029,141
Summer respite	47,085	40,813
Town	9,706	1,340
Guardianship evaluations	1,285	1,285
Private donations	109,729	150,842
CRT Housing	-	24,567
Reach Up	83,705	36,874
Vermont Community Foundation	10,922	86,153
Applied behavioral analysis	53,200	53,200
	<u>\$ 1,893,723</u>	<u>\$ 1,783,743</u>
TOTAL DEFERRED REVENUE	<u>\$ 1,893,723</u>	<u>\$ 1,783,743</u>

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 LONG-TERM DEBT

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

	<u>2024</u>	<u>2023</u>
Mortgage note payable, with a 4.125% fixed interest rate, payable in combined installments of principal and interest of \$9,820, maturing June 2037, collateralized by certain property located in St. Johnsbury, Vermont	\$ 1,180,750	\$ 1,248,368
Mortgage note payable, with a 4.250% variable interest rate, payable in combined installments of principal and interest of \$2,167, maturing May 2045, collateralized by certain property located in St Johnsbury, Vermont	359,959	370,398
Mortgage note payable, with a 4.250% variable interest rate, payable in combined installments of principal and interest of \$2,318, maturing March 2045, collateralized by certain property located in Lyndon, Vermont	392,855	405,190
Mortgage note payable, with a 4.250% variable interest rate, payable in combined installments of principal and interest of \$903, maturing September 2030, collateralized by certain property located in Sheffield, Vermont	60,568	67,585
Bonds issued under Authority of the Vermont Economic Development Authority with a 4.250% fixed interest rate, payable in combined installments of principal and interest at \$21,054, maturing July 2033, collateralized by certain property located in Derby, Vermont	1,898,961	2,067,035
Mortgage note payable, with a 6.040% variable interest rate, payable in combined installments of principal and interest of \$3951, maturing May 2048, collateralized by certain property located in Lyndonville, Vermont	486,625	495,000
Mortgage note payable, with a 7.040% variable interest rate, payable in combined installments of principal and interest of \$3,414, maturing May 2049, collateralized by certain property located in Lyndonville, Vermont	<u>480,000</u>	<u>-</u>
	4,859,718	4,653,576
Less current portion	<u>(292,309)</u>	<u>(264,207)</u>
 TOTAL LONG-TERM DEBT	 <u>\$ 4,567,409</u>	 <u>\$ 4,389,369</u>

Northeast Kingdom Human Services, Inc.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 5 LONG-TERM DEBT (continued)

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

<u>Year Ending June 30,</u>	
2025	\$ 292,309
2026	305,403
2027	318,997
2028	333,117
2029	350,657
Thereafter	<u>3,259,235</u>
	<u>\$ 4,859,718</u>

The Agency has an agreement with the U.S. Department of Agriculture and is required to comply with certain covenants and provisions. As of June 30, 2024 and 2023, all scheduled payments had been made. As required by this agreement, the Agency maintains \$117,840 in a reserve account which can be used for certain unforeseen catastrophic repairs or damages, certain government approved improvements or to assist paying monthly debt service when needed. As of June 30, 2024, the Agency was in compliance with all covenants and provisions of the U.S. Department of Agriculture.

NOTE 6 OPERATING LEASES

The Agency leases equipment and buildings under various operating leases with several third parties. Building rent, under these leases was \$147,238 and \$135,868 for the years ended June 30, 2024 and 2023, respectively.

Minimum future lease payments for buildings and equipment as of June 30, 2024, for the remaining lease terms are as follows:

2025	150,308
2026	150,308
2027	150,308
2028	150,308
2029	<u>127,507</u>
	<u>\$ 728,739</u>

Northeast Kingdom Human Services, Inc.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 7 BOARD-DESIGNATED CASH AND SHORT TERM INVESTMENT

The Agency has classified as board designated certain cash and short-term investments that are not available for use in its operations. These designated funds are intended to support construction of new facilities, the Agency's annual retirement plan employer contribution, and a reserve required for operations and to comply with debt service requirements under the Agency's U.S.D.A Mortgage Agreement. The Board designated funds consisted of the following at June 30,:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ <u>2,245,682</u>	\$ <u>2,246,422</u>
Total board designated funds	<u>\$ 2,245,682</u>	<u>\$ 2,246,422</u>

NOTE 8 TAX SHELTERED ANNUITY PENSION PLAN

The Agency maintains a 403(b) defined contribution retirement plan on behalf of its employees. This plan covers substantially all full-time employees. The annual employer contribution made for each eligible employee consists of a 5.0% base (non-elective) and up to a 2.5 % matching (elective) contribution not to exceed 7.5% of an employee's annual compensation as defined under the plan. Contribution expense for the year ended June 30, 2024 and 2023 was \$1,140,116 and \$1,042,192, respectively.

NOTE 9 CONCENTRATION OF CREDIT

The Agency maintains cash accounts at various institutions. Such deposits are insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 per institution. Certain amounts on deposit at Community National Bank are held under repurchase agreements collateralized by a pool of US government agency or US Treasury Notes held in the bank's name at the Federal Reserve Bank of Boston. At June 30, 2023, the Agency's bank balances were insured under FDIC or secured by repurchase agreements in their entirety as described above.

NOTE 10 COMMITMENTS AND CONTINGENT LIABILITIES

The Agency maintains professional and general liability insurance to provide financial protection against claims that might arise during the normal course of business. Management, in assessing the impact of known claims, estimates these matters will be resolved without material adverse impact on the Agency's future financial position or results from operations. No accrual or reserve has been reflected in these financial statements.

Northeast Kingdom Human Services, Inc.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 11 MEDICAID MATCH

The Agency received funds from private or state/local governmental sources which provide a basis for state and local units of government to participate in financing the non-Federal portion of medical assistance expenditures.

As of June 30, 2024, the Agency complied with federal requirements in certifying that these funds were derived from state/local, non-Federal sources, pursuant to Federal Regulations, Title 42, Chapter 4, Part 433, Sections 433.50 and 433.51.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Local certified match	\$ 95,293	\$ 72,978
Success beyond six certified Match	756,298	424,538

NOTE 12 ESTIMATED CLAIMS INCURRED BUT NOT REPORTED

On July 1, 2015, the Agency became self-insured with regard to certain health plan claims. Prior to that time, the Agency purchased health plan coverage with the cost of benefits funded through a premium-based insurance contract.

Under the self-funded health plan, benefits remain unchanged from the previous year with coverage extending to medical, prescription drugs, and vision. Claims are processed through a third party administrator, with limits of \$125,000 and 125% of total expected claims set on individual and aggregate claims, respectively. Stop loss protection is on a 12/12 basis, with coverage provided on claims that are both incurred and paid during the 12-month policy year. The aggregate annual claim limit for June 30, 2024 and 2023 was \$5,832,790 and \$4,187,161, respectively.

Self-insurance costs are accrued based on claims reported as of the balance sheet date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs as of June 30, 2024 and 2023 was \$361,145 and \$435,974, respectively.

NOTE 13 BOARD COMPOSITION

The Vermont Department of Mental Health require a designated agency to be governed by a board whose majority is comprised of both individuals who are or were eligible to receive services from an agency because of their disability, and family members of an individual who is or was eligible to receive services because of his or her disability.

As of June 30, 2024 and 2023, the Agency's Board composition met this criterion.

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 14 LINE OF CREDIT

The organization has a line of credit with a limit of \$1,000,000. These funds are available with an interest rate of 8.50%. The line of credit is secured by real property and matures February 01, 2028. There was no outstanding balance for the years ended June 30, 2024 and 2023, respectively.

NOTE 15 LIQUIDITY

The following reflects the Organization's financial assets available within one year of June 30, 2024 for general expenditures are as follows:

Cash and cash equivalents	\$ 12,771,338
Accounts receivable, net	3,849,019
Accounts receivable, other	<u>7,004,547</u>
Financial assets available within one year for general expenditures	 <u>\$ 23,624,904</u>

Restricted deposits and reserves are restricted for specific purposes and therefore are not available for general expenditures.

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

NOTE 16 BOARD DESIGNATED NET ASSETS

As of June 30, 2024, the agency had board designated net assets which represent funds designated by the Board of Directors for the funding of the 403b retirement plan and future capital projects.

Unrestricted net assets - Board designated	\$ 2,245,682
Unrestricted net assets - undesignated	24,779,714

NOTE 17 EMPLOYEE RETENTION CREDIT

The Agency has engaged a professional firm which determined the Agency was eligible for the Employer Retention Credit (ERC) in the amount of \$5,988,927. The related amended payroll forms were filed in January 2024 via Federal Express. This amount has been reported in other accounts receivable, while the 15% (\$897,329) fee to the professional firm that determined the Agency's eligibility has been accrued at June 30, 2024. Subsequent to year end the Agency received the amount in full.

Northeast Kingdom Human Services, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 18 SUBSEQUENT EVENTS

In accordance with accounting standards, the Agency has evaluated subsequent events through September 4, 2025 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2024 have been incorporated into these financial statements herein.

SUPPLEMENTARY INFORMATION



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION

To the Board of Directors
Northeast Kingdom Human Services, Inc.

Our report on our audits of the financial statements of Northeast Kingdom Human Services, Inc. for June 30, 2024, appears on Page 1. Those audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplementary Schedules 1, 2, 3, 4, & 5 are presented for purposes of additional analysis as required by the State of Vermont Department of Human Services and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Schedules 1, 2, 3, 4, & 5 are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kittell, Branagan + Sargent

St. Albans, Vermont
September 4, 2025

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF CLIENT FEES, NET
 For the Year Ended June 30, 2024

	Community		Subtotal		Developmental Services	Substance Abuse	Total Agency
	Children	Adult	Rehabilitation & Treatment	Emergency			
CLIENT FEES, NET							
Patient Fees	\$ (18,083)	\$ 83,727	\$ (254)	\$ 21,186	\$ 20,862	\$ 26,930	\$ 134,368
Medicaid - AHS	1,780,362	103,569	-	-	80,028	-	1,963,959
Medicaid - other	2,506,626	1,819,888	4,401,706	660,770	2,743,085	186,226	12,318,301
Insurance fees	13,660	272,600	55,889	4,716	26,304	29,734	402,903
Waiver services	-	-	-	-	37,223,330	-	37,223,330
Contract fees	1,142,285	133,945	-	293,505	20,377	-	1,590,112
TOTAL	\$ 5,424,850	\$ 2,413,729	\$ 4,457,341	\$ 980,177	\$ 40,113,986	\$ 242,890	\$ 53,632,973

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF CLIENT FEES, NET
 For the Year Ended June 30, 2023

	Community		Subtotal		Developmental Services	Substance Abuse	Total Agency
	Children	Adult	Rehabilitation & Treatment	Emergency			
CLIENT FEES, NET							
Patient Fees	\$ 6,949	\$ 38,547	\$ (43,281)	\$ 4,033	\$ 6,248	\$ 12,810	\$ 34,713
Medicaid - AHS	1,115,376	112,147	-	-	1,227,523	-	1,348,308
Medicaid - other	2,448,756	1,363,866	4,761,421	167,065	8,741,108	190,947	10,855,558
Insurance fees	19,058	255,611	49,533	9,850	334,052	21,089	395,982
Waiver services	-	-	-	-	-	-	34,424,950
Contract fees	731,735	204,014	-	-	935,749	-	943,847
TOTAL	\$ 4,321,874	\$ 1,974,185	\$ 4,767,673	\$ 180,948	\$ 11,244,680	\$ 224,846	\$ 48,003,358

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF CONTRACTS
 For the Year Ended June 30, 2024

	Community Rehabilitation & Treatment		Emergency	Subtotal Mental Health		Developmental Services	Administration	Total Agency
	Children	Adult		Mental Health	Administration			
DEPARTMENTS OF MENTAL HEALTH & DEVELOPMENTAL SERVICES CONTRACTS:								
Respite care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,091	\$ -	\$ 108,091
Vocational	-	-	29,864	42,421	-	-	-	42,421
Community support / clinical intervention	141,902	28,169	1,296,212	1,466,283	175,501	35,420		1,677,204
TOTAL CONTRACTS	\$ 141,902	\$ 28,169	\$ 1,326,076	\$ 1,508,704	\$ 283,592	\$ 35,420		\$ 1,827,716

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF CONTRACTS
 For the Year Ended June 30, 2023

	Children		Adult		Community Rehabilitation & Treatment		Emergency		Subtotal Mental Health		Developmental Services		Administration		Total Agency	
Respite care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,365	\$ -	\$ -	\$ -	\$ 91,365	
Vocational	-	-	-	3,812	29,864	33,676	-	-	33,676	-	-	-	-	-	33,676	
Community support / clinical intervention	90,579	63,126	63,126	-	859,235.00	1,012,940	150,498	26,455	1,189,893	26,455	26,455	26,455	26,455	26,455	1,189,893	
TOTAL CONTRACTS	\$ 90,579	\$ 63,126	\$ 63,126	\$ 3,812	\$ 889,099	\$ 1,046,616	\$ 241,863	\$ 26,455	\$ 1,314,934	\$ 26,455	\$ 26,455	\$ 26,455	\$ 26,455	\$ 26,455	\$ 1,314,934	

DEPARTMENTS OF MENTAL HEALTH
 & DEVELOPMENTAL SERVICES CONTRACTS:
 Respite care
 Vocational
 Community support / clinical intervention

TOTAL CONTRACTS

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF OTHER STATE CONTRACTS
 For the Year Ended June 30, 2024

	Children	Adult	Community			Subtotal Mental Health	Developmental Services	Substance Abuse	Admin- istration	Other State Funded	Total Agency
			Rehabilitation Treatment	Emergency							
ADAP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,739	\$ 125,739
Supported employment	83,356	-	-	-	83,356	-	-	-	-	-	83,356
State One Time Funds	5,229	-	549	-	5,778	-	14,875	4,270	-	-	24,923
Little Libraries Grant	972	-	-	-	972	-	-	-	-	-	972
Project Grow and Snow	4,186	-	-	-	4,186	-	-	-	-	-	4,186
Lifeline Grant	-	-	-	4,340	4,340	-	-	-	-	-	4,340
Front Porch Grant	-	-	-	70,429	70,429	-	-	-	-	-	70,429
Facilities Grant	-	-	-	-	-	-	-	19,700	1,487,985	1,507,685	1,507,685
Savida Space Grant	-	-	-	-	-	-	-	6,850	-	6,850	6,850
Crash	-	-	-	-	-	-	34,400	-	-	34,400	34,400
Eldercare	-	33,134	-	-	33,134	-	-	-	-	-	33,134
DS One Time Fund	-	-	-	-	-	103,577	-	-	-	-	103,577
CCBHC	-	113,785	-	-	113,785	-	-	596,657	-	710,442	710,442
MDAAP Connection Grant	-	-	-	-	-	-	-	63,000	-	63,000	63,000
TOTAL OTHER CONTRACTS	\$ 93,743	\$ 146,919	\$ 549	\$ 74,769	\$ 315,980	\$ 103,577	\$ 175,014	\$ 690,477	\$ 1,487,985	\$ 2,773,033	

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF OTHER STATE CONTRACTS
 For the Year Ended June 30, 2023

	Children	Adult	Community Rehabilitation Treatment	Emergency	Subtotal Mental Health	Developmental Services	Substance Abuse	Admin- istration	Other State Funded	Total Agency
OTHER STATE CONTRACTS:										
ADAP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,858	\$ -	\$ -	\$ 138,858
Supported employment	89,794	-	-	-	89,794	-	-	-	-	89,794
State One Time Funds	4,527	-	590	-	5,117	3,516	12,000	-	-	20,633
Wellness Day Grant	3,621	-	-	-	3,621	-	-	-	-	3,621
Facilities Grant	-	-	-	-	-	-	-	-	284,665	284,665
Crash	-	-	-	-	-	-	28,400	-	-	28,400
Eldercare	-	34,088	-	-	34,088	-	-	-	-	34,088
Workforce Retention Grant	100,100	25,300	54,500	38,000	217,900	854,059	11,600	174,441	-	1,258,000
DS one-time funds	-	-	-	-	-	53,450	-	-	-	53,450
CCBHC	-	-	-	-	-	-	-	225,964	-	225,964
TOTAL OTHER CONTRACTS	\$ 198,042	\$ 59,388	\$ 55,090	\$ 38,000	\$ 350,520	\$ 911,025	\$ 190,858	\$ 400,405	\$ 284,665	\$ 2,137,473

Northeast Kingdom Human Services, Inc.
SCHEDULE OF DEVELOPMENTAL SERVICES REVENUE AND EXPENSES
 For the Year Ended June 30, 2024

	Outpatient	Passar	Respite	Vocational	Case Management	Waiver	Rehab	Residential & Others	Total Developmental Services
REVENUE									
Client fees, net	\$ 423,834	\$ 5,616	\$ -	\$ 124,891	\$ 2,517,888	\$ 26,238,402	\$ 3,390	\$ 10,799,965	\$ 40,113,986
State Contracts/Grants -									
Grant-in-aid	5,690	-	-	-	-	-	-	-	5,690
Contracts	-	-	108,091	-	-	175,501	-	-	283,592
Other state contracts/grants	102,263	-	-	-	-	1,314	-	-	103,577
Other Revenue	-	-	-	-	-	18,144	-	-	18,144
TOTAL REVENUE	531,787	5,616	108,091	124,891	2,517,888	26,433,361	3,390	10,799,965	40,524,989
EXPENSES									
Salaries	160,786	4,151	-	-	2,173,854	4,073,429	720	5,597,263	12,010,203
Fringe benefits	51,725	1,167	-	-	780,251	1,410,827	294	1,967,187	4,211,451
Other personnel costs	115,410	262	106,377	392	210,648	14,579,553	71	1,130,051	16,142,764
Program expenses	89,767	-	-	-	3,096	145,396	-	245,875	484,134
Operating expenses	3,386	-	-	250	14,740	80,199	-	75,364	173,939
Client/Staff transportation	55	-	-	1,524	118,135	688,740	-	219,408	1,027,862
Building expenses	33	-	-	-	33	4,757	-	222,800	227,623
Allocation of indirect costs-									
Administration	44,980	475	16,931	715	386,107	2,437,630	130	1,043,397	3,930,365
Maintenance	3,247	-	-	5,072	134,357	357,124	-	3,842	503,642
TOTAL EXPENSES	469,389	6,055	123,308	7,953	3,821,221	23,777,655	1,215	10,505,187	38,711,983
Gain on the sale of assets	-	-	-	-	-	1,162	-	(29,615)	(28,453)
INCREASE (DECREASE) IN NET ASSETS	\$ 62,398	\$ (439)	\$ (15,217)	\$ 116,938	\$ (1,303,333)	\$ 2,656,868	\$ 2,175	\$ 265,163	\$ 1,784,553

Northeast Kingdom Human Services, Inc.
SCHEDULE OF DEVELOPMENTAL SERVICES REVENUE AND EXPENSES
 For the Year Ended June 30, 2023

	Outpatient	Passar	Respite	Vocational	Case Management	Waiver	Rehab	Residential & Others	Total Developmental Services
REVENUE									
Client fees, net	\$ 560,815	\$ 8,145	\$ -	\$ 135,691	\$ 2,763,705	\$ 23,907,051	\$ 5,862	\$ 9,152,563	\$ 36,533,832
State Contracts/Grants -									
Grant-in-aid	5,690	-	-	-	-	-	-	-	5,690
Contracts	-	-	91,365	-	-	150,498	-	-	241,863
Other state contracts/grants	54,125	-	-	-	-	519,700	-	337,200	911,025
Other revenue	-	-	-	-	-	23,800	-	4,381	28,181
TOTAL REVENUE	620,630	8,145	91,365	135,691	2,763,705	24,601,049	5,862	9,494,144	37,720,591
EXPENSES									
Salaries	96,745	5,599	-	-	2,125,902	3,638,350	852	5,225,214	11,092,662
Fringe benefits	44,616	1,880	-	-	698,736	1,181,169	272	1,711,331	3,638,004
Other personnel costs	27,371	487	88,227	309	174,694	13,498,957	62	964,237	14,754,344
Program expenses	79,477	-	-	-	195	108,494	-	209,711	397,877
Operating expenses	2,728	-	-	-	8,837	63,421	(4)	73,938	148,920
Client/Staff transportation	634	149	-	1,072	111,929	506,280	106	208,657	828,827
Building expenses	-	-	-	-	-	(2,925)	-	156,594	153,669
Allocation of indirect costs-									
Administration	37,774	1,125	14,460	711	402,249	2,514,853	141	1,060,605	4,031,918
Maintenance	4,582	-	-	4,252	115,967	323,677	-	4,934	453,412
TOTAL EXPENSES	293,927	9,240	102,687	6,344	3,638,509	21,832,276	1,429	9,615,221	35,499,633
INCREASE (DECREASE) IN NET ASSETS	\$ 326,703	\$ (1,095)	\$ (11,322)	\$ 129,347	\$ (874,804)	\$ 2,768,773	\$ 4,433	\$ (121,077)	\$ 2,220,958

Northeast Kingdom Human Services, Inc.
ANALYSIS OF CLIENT SERVICE FEES
For the Year Ended June 30, 2024

	Accounts Receivable Beginning of Year	Gross Fees	Contractual Allowances and Other Discounts Given	Cash Receipts	Accounts Receivable End of Year
DS Waiver	\$ 3,065,526	\$ 37,223,330	\$ -	\$(37,031,243)	\$ 3,257,613
DAIL FFS Medicaid	79,685	2,969,908	(146,795)	(2,864,962)	37,836
DMH FFS Medicaid	112,916	2,266,189	(228,368)	(1,938,467)	212,270
DMH Payment Reform	-	10,147,835	(266,296)	(9,881,539)	-
Other FFS Medicaid	206,610	974,757	(37,292)	(878,527)	265,548
Client Fees [self pay]	316,156	649,436	(515,069)	(240,863)	209,660
Insurance	<u>217,458</u>	<u>843,711</u>	<u>(440,808)</u>	<u>(414,880)</u>	<u>205,481</u>
TOTAL	<u>\$ 3,998,351</u>	<u>\$ 55,075,166</u>	<u>\$ (1,634,628)</u>	<u>\$(53,250,481)</u>	<u>\$ 4,188,408</u>

Northeast Kingdom Human Services, Inc.
ANALYSIS OF CLIENT SERVICE FEES
For the Year Ended June 30, 2023

	<u>Accounts Receivable Beginning of Year</u>	<u>Gross Fees</u>	<u>Contractual Allowances and Other Discounts Given</u>	<u>Cash Receipts</u>	<u>Accounts Receivable End of Year</u>
DS Waiver	\$ 2,858,721	\$ 34,424,951	\$ (7,289)	\$ (34,210,857)	\$ 3,065,526
DAIL FFS Medicaid	24,551	2,137,513	(93,225)	(1,989,154)	79,685
DMH FFS Medicaid	89,996	1,536,877	(188,569)	(1,325,388)	112,916
DMH Payment Reform	-	9,402,100	(199,361)	(9,202,739)	-
Other FFS Medicaid	174,781	681,940	(122,275)	(527,836)	206,610
Client Fees[self pay]	313,055	322,794	(288,081)	(31,612)	316,156
Insurance	<u>193,331</u>	<u>708,722</u>	<u>(312,739)</u>	<u>(371,856)</u>	<u>217,458</u>
TOTAL	<u>\$ 3,654,435</u>	<u>\$ 49,214,897</u>	<u>\$ (1,211,539)</u>	<u>\$ (47,659,442)</u>	<u>\$ 3,998,351</u>

SINGLE AUDIT REPORTS



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

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

To the Board of Directors of
Northeast Kingdom Human Services, 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 Northeast Kingdom Human Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2025.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified deficiencies in internal control, described in the accompanying schedule of findings and management response as item 2023-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Kingdom Human Services Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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*.

The Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the finding identified in our audit and described in the accompanying schedule of findings and management response. The Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Kittell, Branagan + Sargent

St. Albans, Vermont
September 4, 2025



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

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

To the Board of Directors of
Northeast Kingdom Human Services, Inc.

Report on Compliance for Each Major Federal Program

We have audited Northeast Kingdom Human Services Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northeast Kingdom Human Services, Inc's major federal programs for the year ended June 30, 2024. Northeast Kingdom Human Services, Inc's major federal programs are 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 Northeast Kingdom Human Services, Inc'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Northeast Kingdom Human Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Northeast Kingdom Human Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Northeast Kingdom Human Services, Inc complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Management's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Northeast Kingdom Human Services, Inc 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 of compliance, we considered Northeast Kingdom Human Services, Inc's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Kingdom Human Services, Inc., 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 was not designed to 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be material weaknesses.

To the Board of Directors
Northeast Kingdom Human Services, Inc

Report 2 (cont'd)

Management's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Management's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kittell, Branagan + Sargent

St. Albans, Vermont
September 4, 2025

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Northeast Kingdom Human Services, Inc.
2. There were significant deficiencies disclosed during the audit of the financial statements of Northeast Kingdom Human Services, Inc. as noted in the findings below, including the late filing of the data collection form.
3. No instances of noncompliance material to the financial statements of the Northeast Kingdom Human Services, Inc. which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of major federal award programs. No material weaknesses are reported except as noted below.
5. The auditor’s report on compliance for the major federal award programs for the Northeast Kingdom Human Services, Inc. expresses an unmodified opinion on all major programs.
6. There were no audit findings relative to the major federal award programs for Northeast Kingdom Human Services, Inc.
7. The programs tested as major programs were:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.778	Front Porch Program
93.696	Certified Community Behavioral Health Clinic Expansion Grant

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Northeast Kingdom Human Services, Inc. was determined to be a high-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2024 – 1 Year End Audit Entries and Financial Reporting - The annual audit resulted in over 25 adjusting journal entries proposed to management. Some of these entries were material to the financial statements as a whole and were required in order to issue an unmodified opinion.

Management did not timely -

- Prepare all of year end reconciliations and journal entries and prepare financial statements, complete with notes, in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Agency was unable to establish internal controls over the preparation of year-end reconciliations and journal entries and the preparation of the financial statements.

Northeast Kingdom Human Services, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

- Select and apply accounting principles that are in conformity with accounting principles generally accepted in the United States of America. Accordingly, the Agency did not establish internal controls over the selection and application of accounting principles.

Criteria - Under SAS 115, an internal control deficiency exists when management does not demonstrate the financial expertise to prepare end reconciliations and prepare financial statements in accordance with generally accepted accounting principles.

Cause: Unknown

Effect: Since management did not demonstrate the expertise in financial accounting and reporting, there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected under the provisions of SAS 115. Additionally, the data collection form filings have been filed late.

Recommendation: To correct these deficiencies, management will need to train personnel with adequate accounting experience to perform these functions.

Management Response: The Agency continues to train new accounting personnel including a controller familiar with the industry. The implementation of new accounting software as well as additional accounting staff is expected to improve reporting accuracy and timeliness.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs related to the major federal award programs.

Northeast Kingdom Human Services, Inc.
 SCHEDULE OF FEDERAL EXPENDITURES
 June 30, 2024

Federal Grantor/ State Agency/ Program Title	Additional Award ID	Pass Through Grantor Number	Federal Assistance Listing Number	Disbursements/ Expenditures
U.S. DEPARTMENT				
OF HEALTH AND HUMAN SERVICES				
Medical Assistance Program		03150-MA2024-06	93.778	\$ 239,077
Medical Assistance Program		03150-M1000	93.778	1,309,807
Medical Assistance Program		03460-DA-2024-004	93.778	206,512
Medical Assistance Program		03400-NKHS-HCBSORG	93.778	103,332
Medical Assistance Program		03400-NKHS-HCBSCM-FY	93.778	1,439
				<u>1,860,167</u>
<u>Passed through Vermont Agency of Human Services:</u>				
Dept. of Health and Human Services:				
Maternal and Child Health Federal Consolidated Programs		03150-A1933	93.110	14,875
Substance Abuse and Mental Health Services Projects of Regional and National Significance		03150-A1889	93.243	17,708
Substance Abuse and Mental Health Services Projects of Regional and National Significance		03150-A1933	93.243	466,132
Emergency Grants to address Mental and Substance Use Disorders During Covid	COVID - 19	03150-A1933	93.665	121,484
Social Services Block Grant		SSBG-0315-MA-2024-06	93.667	39,852
Social Services Block Grant		SSBG-0315-MA-2024-04	93.667	5,690
Certified Community Behavioral Health Clinic Expansion Grant		1H79SM086755-01	93.696	674,978
Block Grants for Community Mental Health Services		MHBG-3150-MA-2024-06	93.958	45,875
Block Grants for Community Mental Health Services COVID - 19		01350-A1861	93.958	10,800
Block Grants for Prevention and Treatment of Substance Abuse		03420-09860	93.959	141,370
Total Dept. of Health and Human Services				<u>1,538,764</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>3,398,931</u>
TOTAL FEDERAL AWARDS				<u>\$ 3,398,931</u>

Northeast Kingdom Human Services, Inc.
SCHEDULE OF FEDERAL EXPENDITURES
June 30, 2024

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northeast Kingdom Human Services, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this 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 Schedule presents only a selected portion of the operations of NEKHS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northeast Kingdom Human Services, Inc.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Northeast Kingdom Human Services, Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.