

EMERGENCE HEALTH NETWORK
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended August 31, 2024

EMERGENCE HEALTH NETWORK
For the Fiscal Year Ended August 31, 2024

TABLE OF CONTENTS

Certificate of Board Approval	1
Listing of Officials	2
 FINANCIAL SECTION	
Independent Auditors' Report	4 - 6
Management's Discussion and Analysis	8 - 15
 Basic Financial Statements	
<u>Government Wide Financial Statements</u>	
Statement of Net Position	17 - 18
Statement of Activities	19
 <u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	23
Statement of Net Position – Internal Service Funds	24
Statement of Revenue, Expenses and Changes in Fund Net Position – Internal Service Fund	25
Statement of Cash Flows – Internal Service Funds	26
Statement of Fiduciary Net Position – Custodial Fund	27
 Notes to Financial Statements	 28 - 50
 Required Supplementary Information	
Statement of Revenues, Expenditures and Change in Fund Balances –Budget to Actual (Budgetary Basis) – General (Operating) Fund	53 - 54

EMERGENCE HEALTH NETWORK
For the Fiscal Year Ended August 31, 2024

TABLE OF CONTENTS

Other Supplementary Information

Proprietary Funds

Combining Statement of Net position	56
Combining Statement of Revenues, Expenses and Changes in Net Position	57
Schedule of Expenditures of Federal and State Awards	58 - 59
Notes to the Schedule of Expenditures of Federal and State Awards	60

Compliance Section

Report on internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62 - 63
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular	64 - 66
Summary of Audit Results	67 - 68

Statistical Section (Unaudited)

Reconciliation of Total Expenditures to Fourth Quarter Financial Report	70
Reconciliation of Total Revenues Fourth Quarter Financial Report	71
Capital Assets Used in the Operation of government Funds- Schedule by Function	72
Capital Assets Used in the Operation of Governmental Funds- Schedule by Sources	73
Capital Assets Used in the Operation of government Funds- Schedule of changes by Function	74
Schedule of Bond Coverage	75
Schedule of Insurance in Force- General Fund and New Vistas, Inc. Enterprise Fund	76
Schedule of Professional and Consulting	77 - 79
Schedule of Professional Legal and Audit Fees	80
Indirect and Administrative Cost Schedule	81

Emergence Health Network
Certificate of Board Approval
Year Ended August 31, 2024

I, Cindy Stout, Chairman of the Board of Trustees of Emergence Health Network, do hereby certify that this audit report for fiscal year 2024 from Beasley Mitchell, & Co., LLP, was reviewed and approved at a meeting of the Board of Trustees held on the 23rd day of January, 2025.

Cindy Stout

Chairman, Board of Trustees

1/23/2025

Date

Emergence Health Network
Listing of Officials
Year Ended August 31, 2024

Board of Trustees

Alexsandra Anello	Chair
Cindy Stout	Vice-Chair
Judge Annabell Perez	Secretary
Thomas B. Goldfarb	Trustee
Kellie Franco	Trustee
Monica Salaiz-Narvaez	Trustee
Silvina Tonarelli, M.D.	Trustee
Lt. Aileen C. Galindo	Sheriff Rep. Ex - Officio

Executive Staff

Kristen Daugherty	Chief Executive Officer
Ashley Peterson	Associate CEO
Rene Hurtado	Chief of Staff
Dr. Shawna Scully D.O.	Chief Medical Officer of Mental Health Services
Dr. Carrol Thornburg, D.O.	Chief Medical Officer Primary Care and Addiction Services
Tewiana Norris	Chief Nursing Officer
Chrystal Davis	Chief Clinical Officer
Rene Navarro	Chief Compliance Officer
Carlos Ortiz	Chief Financial Officer
Iris Sandoval, MBA, PHRCA, SHRM-CP	Chief of Human Resources
Michael Wyatt	Legal Counsel
Dr. Marcelo Rodriguez-Chevres	Chief Medical Consultant

FINANCIAL SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Emergence Health Network
El Paso, Texas

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Emergence Health Network (the Center) as of and for the year ended August 31, 2024 and the related notes to the financial statements which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 8 through 15 and the budgetary comparison information on pages 53 through 54 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Center's basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards and combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be material misstated. If based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2025 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center's internal control over financial reporting and compliance.



Beasley, Mitchell & Co., LLP
El Paso, Texas
January 23, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

As management of Emergence Health Network ("the Center") we offer readers this discussion and analysis as an overview of the Center's financial activities for the fiscal year ended August 31, 2024. The MD&A should be read in conjunction with the basic financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

The assets of the Center exceeded liabilities at the close of FY 2024 by \$8,712,908. The Center's net position (government-wide) decreased by \$5,599,434 during FY 2024.

As of the close of the fiscal year, the Center's general fund reported a fund balance of \$29,211,615, increased by \$492,322 during FY 2024.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$29,211,615.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The Statement of Net Position presents information on all of the Center's assets and liabilities with the difference between the two reported as net position. Net position is equivalent to the equity section of a private-sector balance sheet. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Activities includes all the revenue and expenses generated by the Center's operations during the year. The accrual basis of accounting is used, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of the timing of related cash flows.

The government-wide financial statements present the basic services provided by the Center. Services provided in governmental activities include mental health adult services, mental health children's services, and intellectual disabilities services.

Services provided in business-type activities represent two distinct activities: 1) an apartment housing project subsidized by the U. S. Department of Housing and Urban Development ("HUD") that provides housing for mentally ill individuals; 2) consulting services related to the business of network development and management of behavioral health services provided to organizations within the City of El Paso.

The government-wide financial statements can be found on pages 17 - 19 of this report.

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

Fund Financial Statements - Governmental Funds

Governmental funds

The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The Center adopts an annual budget for its general fund. A budgetary comparison statement has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The Center maintains three proprietary funds. The Center maintains an internal service fund that accounts for the Center's self-insured health care benefits plan through charges to the Center's other funds and the administration of health care claims through a third party administrator. Because these services are predominately provided to support governmental activities, internal service activities are included in the governmental activities sections of the government-wide financial statements. The remaining two proprietary funds account for the same services described above that are presented in the business-type activities section of the government-wide financial statements.

Custodial Funds

Custodial funds are used to account for resources held by the Center for the benefit of consumers. Fiduciary funds are not reflected in the government-wide financial statements since the resources of these funds are not available to support Center operations.

The basic fund financial statements can be found on pages 20 - 27 of the report.

Notes to the financial statements

The notes to financial statements can be found beginning on page 28 of this report.

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded liabilities by \$8,712,908 at the close of the fiscal year. This is a decrease to the net position of \$5,599,434. A fairly large portion of the Center's net position reflects its investment in capital assets: land, buildings, vehicles, and electronic equipment, less any related debt outstanding that was used to acquire the assets. The Center uses these assets to provide services to the consumers that we serve; consequently, these assets are not available for future spending.

Emergence Health Network
Comparative Statement of Net Position
Government-Wide

	2024	2023
Assets and Deferred Outflows		
Current and other assets	\$ 41,611,376	\$ 38,375,448
Capital assets, net of depreciation	2,252,172	2,765,718
Right to use assets, net of amortization	32,980,234	26,483,748
Deferred outflows	3,409,852	3,326,447
Total Assets and deferred outflows	\$ 80,253,634	\$ 70,951,361
Liabilities and Deferred Inflows		
Other liabilities	\$ 13,742,696	\$ 10,368,170
Long-term liabilities:		
Due within one year	31,398	28,635
Due in more than one year	56,205,262	44,293,432
Deferred inflows	1,561,370	1,948,780
Total liabilities	71,540,726	56,639,017
Net Position		
Net investment in capital assets	581,452	2,684,187
Unrestricted	8,131,456	11,628,157
Total net position	8,712,908	14,312,344
Total Liabilities and net position	\$ 80,253,634	\$ 70,951,361

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

GOVERNMENTAL ACTIVITIES

Revenues for the Center's governmental activities were \$70,166,611 while total expenses were \$75,680,619. The change for governmental activities was a decrease of \$5,514,008 compared to a increase in 2023 of \$4,555,439.

Emergence Health Network
Comparative Changes in Net Position
Governmental Activities

Revenues	2024	2023
Program revenues:		
Charges for services	\$ 50,952,398	\$ 49,699,406
Operating grants and contributions	17,709,759	19,067,847
Operating revenue:		
Unrestricted investment earnings	1,504,454	1,159,153
Total revenues	70,166,611	69,926,406
 Expenditures		
Current		
Behavioral health	34,127,371	29,406,109
Intellectual disabilities	9,199,637	9,457,068
Diversion	5,901,536	5,631,301
Crisis and emergency services	2,423,954	1,888,043
Collaborative care	7,930,723	6,153,241
1115 Waiver	1,752,257	1,353,693
Administration	14,345,141	11,481,512
Total expenses	75,680,619	65,370,967
 Excess (deficiency) of revenues over expenditures	(5,514,008)	4,555,439
 Change in net position	(5,514,008)	4,555,439
Net position- beginning of year	14,349,719	9,794,280
 Net position (deficit) - end of year	\$ 8,835,710	\$ 14,349,719

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

BUSINESS TYPE ACTIVITIES

Revenues for the Center's business-type activities were \$54,649 while total expenses were \$140,076. The change in net position for business-type activities was a decrease of \$85,427 compared to an decrease in 2023 of \$48,401.

Emergence Health Network
Comparative Changes in Net Position
Business-type Activities

Revenues	2024	2023
Program revenues:		
Charges for services	\$ 4,960	\$ 4,234
Rental income	49,689	53,156
	54,649	57,390
Total revenues		
Expenses		
Subsidized housing	139,605	105,188
Consulting services	471	603
	140,076	105,791
Total expenses		
Operating income (loss)	(85,427)	(48,401)
Change in net position	(85,427)	(48,401)
Net position (deficit) - beginning of year	(37,375)	11,026
Net position (deficit) - end of year	\$ (122,802)	\$ (37,375)

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

As mentioned earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the Center's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Center's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund is the chief operating fund of the Center. At the end of the current fiscal year, unassigned fund balance of the general fund was \$29,211,615 while total fund balance was \$29,211,615.

General Fund

Revenues	2024	2023
Local	\$ 13,589,536	\$ 12,294,138
State	35,360,838	34,919,614
Federal	20,043,080	21,571,001
Investment income	1,504,454	1,159,152
Total revenues and other financing sources	70,497,908	69,943,905
 Expenses		
Current		
Behavioral health	28,952,928	28,401,459
Intellectual development disabilities	9,199,637	9,457,068
Diversion	5,901,536	5,631,301
Crisis and emergency services	2,423,954	1,888,043
Collaborative care	7,930,723	6,153,241
1115 Waiver	1,752,257	1,353,693
Administration	12,984,303	10,536,814
Capital outlay	860,248	926,678
Total expenses	70,005,586	64,348,297
Change in net position	492,322	5,595,608
Fund balances- beginning of year	28,719,293	23,123,685
Fund balances- end of year	\$ 29,211,615	\$ 28,719,293

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

The Center uses a conservative approach in its budgeting process. Revenues are budgeted based on Department of State Health Services ("HHS").

The Finance Committee of the Board of Trustees reviews the financial statements on a monthly basis and then forwards to the full Board for review and acceptance. The Center will seldom make budget amendments to its annual budget. During FY 2024, there were 12 budget adjustments.

General Fund revenues were lower than budgeted by \$1.4 million, primarily due to a decrease in general revenue (PPB).

Expenditures were lower than budget by \$3 million, primarily due to decreases in contract expenses.

Capital assets - The Center's government-wide capital assets at August 31, 2024 amounts to \$2,252,172 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles.

CAPITAL ASSETS

	2024	2023
Land	\$ 36,898	\$ 76,898
Building improvements	783,375	783,375
Leasehold improvements	2,564,222	2,462,662
Equipment/ furniture	12,725,952	12,455,447
Vehicles	1,585,754	1,167,394
Less accumulated depreciation	(15,444,029)	(14,180,058)
Total capital assets	\$ 2,252,172	\$ 2,765,718

Additional information on the Center's capital assets by activity can be found in footnote 5 on pages 43 - 44 of this report.

Long-term liabilities

Please see Note 6 on page 45 of this report for additional information on long-term liabilities.

Emergence Health Network
Management's Discussion and Analysis
For the Year Ended August 31, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2024 was a year of transformational evolution within the Center's culture. As the Center began and concluded Phase I of the Inspire Change Initiative, it is essential to point out the work that was energizing and made a true impact among the Center's workforce. As the Center works through its common purpose and service framework, there is positive energy around the Inspire Change Initiative.

For fiscal year 2025, the Center will continue the momentum and it starts with the fiscal year 2025 budget. Notable changes for the fiscal year 2025 budget are the addition of Supporting Mental Health and Resiliency in Texas (SMART), Youth Crisis Outreach Team (YCOT), and the Purchased Psychiatric Beds (PPB) funding that accusatively adds more than \$7 million to general revenue. The Directed Payment Program (DPP) will be budgeted based on the state's payment schedule which totals \$2.3 million. The Public Health Provider - Charity Care Program is budgeted at \$8.15 million. The Directed Payment Program for Behavioral Health Services (DPP BHS) is a value-based payment program for CMHCs to incentivize them to continue providing services to Medicaid enrolled individuals that are aligned with the Certified Community Behavioral Health Clinic (CCBHC) model of care. PHP-CCP is designed to allow qualified providers to receive reimbursement for the cost of delivering health care services, including behavioral health services, immunizations, and other preventative services, when those costs are not reimbursed by another source. The fiscal year 2025 budget includes salary market adjustments for 238 positions at the beginning of the year and the remaining 342 for the beginning of the 3rd quarter.

The Center is continually making adjustments and improvements in order to provide quality services in the face of our ever-changing business environment, legislative agendas and reimbursement models. Budgets are prepared with consideration for these situations and to a continuing increase in the demand for existing and new services. Management and the Governing continue to look for ways to reallocate resources in order to maximize the efficient and effective use of all resources.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizen's, taxpayers and customers a general overview of the Center's financial position and its accountability for the funds it receives. If you have any questions about this report or need any additional financial information, contact the Controller of Emergence Health Network, P.O. Box 9997, El Paso, Texas 79995.

BASIC FINANCIAL STATEMENTS

EMERGENGE HEALTH NETWORK
Statement of Net Position
August 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows			
Current assets			
Cash and cash equivalents	\$ 829,087	\$ 148,928	\$ 978,015
Reserved cash and cash equivalents	708,612	-	708,612
Investments	28,292,535	93,081	28,385,616
Accounts receivable, net	7,055,059	14,673	7,069,732
Prepaid expenses	1,003,562	-	1,003,562
Inventory	157,195	-	157,195
Total current assets	<u>38,046,050</u>	<u>256,682</u>	<u>38,302,732</u>
Noncurrent assets			
Capital assets, net	2,183,598	68,574	2,252,172
Right to use assets, net	32,980,234	-	32,980,234
Other assets	<u>3,301,572</u>	<u>7,072</u>	<u>3,308,644</u>
Total noncurrent assets	<u>38,465,404</u>	<u>75,646</u>	<u>38,541,050</u>
Total assets	76,511,454	332,328	76,843,782
Deferred outflows			
Employer contributions subsequent to the measurement date	2,144,939	-	2,144,939
Difference between expected and actual	344,578	-	344,578
Change of assumption	524,220	-	524,220
Net difference between projected	<u>396,115</u>	<u>-</u>	<u>396,115</u>
Total deferred outflows	<u>3,409,852</u>	<u>-</u>	<u>3,409,852</u>
Total assets and deferred outflows	<u>\$ 79,921,306</u>	<u>\$ 332,328</u>	<u>\$ 80,253,634</u>

See independent auditors' report and accompanying notes

EMERGENCE HEALTH NETWORK
Statement of Net Position
August 31, 2024

	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows, and net position			
Current liabilities			
Accounts payable	\$ 2,337,819	\$ 368,867	\$ 185,358
Accrued payroll liabilities	2,032,175	-	2,032,175
Claims payable	760,000	-	760,000
Unearned revenue	6,062,394	-	6,062,394
Accrued compensated absences	1,137,778	-	1,137,778
Lease liability, current portion	1,043,663	-	1,043,663
Mortgage payable, current portion	-	31,398	31,398
	<u>13,373,829</u>	<u>400,265</u>	<u>13,774,094</u>
Total current liabilities			
Noncurrent liabilities			
Mortgage payable, noncurrent portion	-	54,865	54,865
Lease liability, noncurrent portion	33,521,028	-	33,521,028
Net pension liability	22,629,369	-	22,629,369
	<u>56,150,397</u>	<u>54,865</u>	<u>56,205,262</u>
Total noncurrent liabilities			
Total liabilities	69,524,226	455,130	69,979,356
Deferred inflows			
Change in assumption	8,528	-	8,528
Difference between expected and actual experience	1,552,842	-	1,552,842
	<u>1,561,370</u>	<u>-</u>	<u>1,561,370</u>
Total deferred inflows			
Total liabilities and deferred inflows	71,085,596	455,130	71,540,726
Net position			
Net investment in capital assets	599,141	(17,689)	581,452
Unrestricted	8,236,569	(105,113)	8,131,456
	<u>8,835,710</u>	<u>(122,802)</u>	<u>8,712,908</u>
Total net position (deficit)			
Total liabilities, deferred inflows, and net position	<u>\$ 79,921,306</u>	<u>\$ 332,328</u>	<u>\$ 80,253,634</u>

See independent auditors' report and accompanying notes

EMERGENGE HEALTH NETWORK
Statement of Activities
For the Year Ended August 31, 2024

Functions / Programs	Expenses			Program Revenues		Net (Expense) Revenue and Change in Net Position		
	Expenses	Administration Allocation	Expenses After Allocation of Administration	Charges for Services	Operating goods, grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities :								
Behavioral health	\$ 34,127,371	\$ 7,981,709	\$ 42,109,080	\$ 17,698,368	\$ 16,437,531	\$ (7,973,181)	\$ -	\$ (7,973,181)
Intellectual disabilities	9,199,637	2,151,611	11,351,248	8,945,340	499,661	(1,906,247)	-	(1,906,247)
Diversion	5,901,536	1,380,251	7,281,787	9,624,827	297,734	2,640,774	-	2,640,774
Collaborative care	2,423,954	566,914	2,990,868	2,449,045	-	(541,823)	-	(541,823)
Crisis and Emergency Services	7,930,723	1,854,837	9,785,560	10,540,757	360,497	1,115,694	-	1,115,694
1115 Wavier	1,752,257	409,818	2,162,075	1,694,061	114,336	(353,678)	-	(353,678)
Administration	14,345,141	(14,345,141)	-	-	-	-	-	-
Total governmental activities	75,680,619	-	75,680,618	50,952,398	17,709,759	(7,018,461)	-	(7,018,461)
Business-Type Activities								
Subsidized housing	139,605	-	139,605	49,689	-	-	(89,916)	(89,916)
Consulting services	471	-	471	4,960	-	-	4,489	4,489
Total business-type activities	\$ 140,076	\$ -	\$ 140,076	\$ 54,649	\$ -	-	(85,427)	(85,427)
General Revenue and Transfers								
Unrestricted investment earnings						1,504,454	-	1,504,454
Total general revenues						1,504,454	-	1,504,454
Change in net position						(5,514,007)	(85,427)	(5,599,434)
Net position (deficit), beginning						14,349,719	(37,375)	14,312,344
Net position (deficit), ending						\$ 8,835,710	\$ (122,802)	\$ 8,712,908

See independent auditors' report and accompanying notes

EMERGENGE HEALTH NETWORK
 Balance Sheet
 Governmental Funds
 August 31, 2024

Assets	<u>General Fund</u>
Current assets	
Cash and cash equivalents	\$ 829,087
Reserved cash and cash equivalents	708,612
Investments	28,292,535
Accounts receivable, net	7,055,059
Prepaid expenses	1,003,562
Other assets	3,301,572
Inventory	<u>157,195</u>
Total assets	<u>\$ 41,347,622</u>
 Liabilities, deferred inflows, and fund balance	
Liabilities	
Current liabilities	
Accounts payable	\$ 2,337,819
Accrued payroll liabilities	2,032,175
Unearned revenue	6,062,394
Due to other funds	<u>1,703,619</u>
Total current liabilities	12,136,007
Fund balances	
Unassigned	<u>29,211,615</u>
Total fund balances	<u>29,211,615</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 41,347,622</u>

See independent auditors' report and accompanying notes

EMERGENCE HEALTH NETWORK
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Government Funds
 August 31, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Funds balances- total governmental funds	\$	29,211,615
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds		2,183,598
Right to use assets net of accumulated amortization		32,980,234
Assets and liabilities of Internal Service Funds reported in the Statement of Net Position are used by management to charge the costs of certain activities and resources to the general fund. These assets and liabilities are included in the governmental activities in the Statement of Net Position		(39,286)
Deferred outflows		
Contributions made after the measurement date, will be recognized as reduction of net pension liability		2,144,939
Difference between expected and actual		344,578
Net difference between projected		396,115
Change in assumption		524,220
Deferred inflows		
Net pension liability		(1,561,370)
Long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds :		
Deferred inflows		982,905
Some liabilities, and other long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds:		
Net pension liability		(22,629,369)
Lease liability		(34,564,691)
Accrued compensated absences		(1,137,778)
		(38,331,838)
Total net position of governmental activities	\$	8,835,710

See independent auditors' report and accompanying notes

EMERGENGE HEALTH NETWORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended August 31, 2024

	General Fund
<i>Revenues</i>	
Local	\$ 13,589,536
State grants	25,285,313
State other	10,075,525
Federal grants	1,554,156
Federal other	18,488,924
Investment income	1,504,454
<i>Total Revenues</i>	70,497,908
<i>Expenditures</i>	
Current	
Behavioral health	28,952,928
Intellectual developmental disabilities	9,199,637
Diversion	5,901,536
Collaborative care	2,423,954
Crisis and emergency services	7,930,723
1115 Waiver	1,752,257
Administration	12,984,303
Capital outlay	860,248
<i>Total Expenditures</i>	70,005,586
Excess (deficiency) of revenues over expenditures	492,322
Net change in fund balances	492,322
Fund balances- beginning of year	28,719,293
Fund balances- end of year	\$ 29,211,615

See independent auditors' report and accompanying notes

EMERGENGE HEALTH NETWORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended August 31, 2024

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances- total governmental funds	\$	492,322
Net change in net position of internal service funds		(1)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital expenditures recorded in capital outlay		860,248
Depreciation expense		(1,301,034)
Gain or loss on disposal		(59,803)
Change in right to use asset		6,496,487
Change in deferred outflows		83,405
Change in lease liability		(7,127,490)
Change in deferred inflows		387,410
Change in net pension liability		(4,979,002)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid).		
		(35,253)
Governmental grants that do not provide current financial resources, made available to pay for current periods expenditures, reported as deferred inflows in the funds.		
		<u>(331,297)</u>
Change in net position of governmental activities	\$	<u><u>(5,514,007)</u></u>

See independent auditors' report and accompanying notes

EMERGENCE HEALTH NETWORK
Statement of Net Position
Internal Service Funds
August 31, 2024

	<u>Internal Service Fund-Self Insurance</u>
<i>Assets</i>	
Current assets	
Due from other funds	\$ 1,703,619
Total current assets	<u>1,703,619</u>
<i>Total assets</i>	<u>\$ 1,703,619</u>
<i>Liabilities and net position</i>	
<i>Liabilities</i>	
Current liabilities	
Claims payable	\$ 760,000
Total current liabilities	<u>760,000</u>
Total liabilities	760,000
Deferred inflow	
Unearned revenue	982,905
<i>Net Position</i>	
Unrestricted	<u>(39,286)</u>
Total net position (deficit)	<u>(39,286)</u>
Total liabilities, deferred inflow and net position (deficit)	<u>\$ 1,703,619</u>

See independent auditors' report and accompanying notes

EMERGENCE HEALTH NETWORK
Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
August 31, 2024

	<u>Internal Service Fund-Self Insurance</u>
Operating revenues	
Insurance charges from the general fund	\$ 5,121,420
Total operating revenues	<u>5,121,420</u>
Operating expenses	
Claims paid	3,875,638
Plan administration expense	1,245,783
Total operating expenses	<u>5,121,421</u>
Operating income (loss)	<u>(1)</u>
Change in net position	(1)
Net position (deficit), beginning of year	<u>(39,285)</u>
Net position (deficit), end of year	<u><u>\$ (39,286)</u></u>

See independent auditors' report and accompanying notes

EMERGENCE HEALTH NETWORK
Statement of Cash Flows
Internal Service Funds
August 31, 2024

	Internal Service Fund- Self Insurance
<i>Cash flows from operating activities</i>	
Internal charges to general fund for insurance claims	\$ 5,121,420
Payments for medical claims and fees	(5,121,420)
Net cash provided (used) by operating activities	-
<i>Cash and cash equivalents - beginning of year</i>	-
<i>Cash and cash equivalents - end of year</i>	-
Reconciliation of operating income(loss) to net cash provided (used) by operating activities	
Operating Income (loss)	(1)
Changes in assets and liabilities	
Due to/ from other funds	336,892
Deferred revenue	(331,297)
Accounts payable and other liabilities	(5,594)
Net cash provided (used) by operating activities	\$ -

See independent auditors' report and accompanying notes

EMERGENCE HEALTH NETWORK
Statement of Custodial Net Position
August 31, 2024

	Client Custodial Fund
Assets	
Cash and cash equivalents	\$ 271,747
Accounts receivable	<u>34,843</u>
Total Assets	<u>\$ 306,590</u>
Liabilities	
Due to clients	<u>\$ 306,590</u>
Total Liabilities	<u>\$ 306,590</u>

See independent auditors' report and accompanying notes

EMERGENCE HEALTH NETWORK
Notes to Financial Statements
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies

Emergence Health Network (the "Center") is a public entity, established under the Texas Mental Health and Mental Retardation Act of 1965. This act provided for the creation of a local Board of Trustees responsible for governing operations. The Center's seven (7) member Board of Trustees is appointed by the Commissioner's Court of El Paso County, Texas, and the El Paso County Hospital District by means of an interlocal agreement to develop and implement community-based mental health and intellectual disability services. The Center is governed by an independent board; has the authority to make decisions; appoint administrators and managers; significantly influence operations; and has the primary accountability for fiscal matters. The Center is not included in any other governmental "reporting entity" as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards.

This summary of significant accounting policies of the Center is presented to assist in the understanding of the Center's financial statements. The financial statements and notes are the representation of the Center's management that is responsible for the financial statements. The financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

A. Financial Reporting Entity

In evaluating how to define the Center, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61 and subsequently issued guidance. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service.

Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

Based upon the application of these criteria, the Center is not a component unit of another governmental agency and has Sunnyside Apartments, Inc. and Sun City Behavioral Health Care as blended component units. Individual financial statements for these component units may be obtained by contacting the Controller of Emergence Health Network, 201 East Main, Suite 600, El Paso, Texas.

Sunnyside Apartments, Inc. - Sunnyside Apartments, Inc., a Texas non-profit corporation, was organized in 1979 to purchase and maintain real estate. Sunnyside Apartments, Inc. operates a multi-family property known as Sunnyside Apartments which provides residential living programs for the mentally ill.

The Center's Board of Trustees appoints the Board of Trustees for Sunnyside Apartments, Inc. and also has the ability to remove any trustees at will. As a result, the Center is financially accountable for Sunnyside Apartments, Inc. Accordingly, the financial information for Sunnyside Apartments, Inc. has been included in the Center's basic financial statements as a blended component unit as an enterprise fund because the Center has the ability to significantly influence its operations.

Sun City Behavioral Health Care - Sun City Behavioral Health Care ("Sun City") was organized as a non-profit corporation in 1999 under the provisions of the Texas Non-Profit Corporation Act. Sun City was organized to: 1) carry out scientific research projects in the public interest in the fields of medical science, medical economics, public health, sociology, and, related areas; 2) improve and develop the abilities of individuals and institutions studying, teaching, and practicing medicine; 3) provide delivery of health care to the public, and 4) promote other activities useful in the accomplishment of the foregoing. Sun City was organized with the Center as the sole member. Accordingly, the Center's Board of Trustees is responsible for appointing the entire Board of Directors of Sun City. Members of Sun City's Board of Directors must be licensed by the Texas State Board of Medical Examiners and actively engaged in the practice of medicine. Since the Center is responsible for the governance of Sun City, the financial information for Sun City has been included in the Center's basic financial statements as a blended component unit in an enterprise fund.

B. Government-wide, business-type, and fund financial statements

The government-wide and business-type financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government and business-type financial statements report financial information as a whole excluding custodial funds.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

The Center reports program revenues in the statement of activities as an offset to the expenses of a given function. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include 1) charges for services which report fees and other charges to users of services, 2) operating grants and contributions which finance annual operating activities including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Contributions from local governments and other revenue sources not properly included with program revenues are reported as general revenues.

The Center allocates indirect expenses primarily comprised of administrative services to operating functions and programs benefiting from those services. Administrative services include overall management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by each program's share of total costs.

Fund financial statements present information regarding funds – groupings of related accounts used to maintain control over resources segregated for specific activities or objectives. The Center, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. The Center's funds consist of three (3) types 1) governmental funds and 2) proprietary funds and 3) fiduciary funds. The governmental funds are used to account for activities very similar to those included in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on how revenue flows into and out of specific funds and the balances available for spending at year-end.

The Board of Trustees approves an operating budget for the general fund annually. A budgetary comparison statement is provided for the governmental fund to demonstrate compliance with the approved budget. Governmental fund financial statements provide a detailed short-term view of the financial viability of general government operations and basic services provided and help determine the level of financial resources available to finance operations in the immediate future.

The Center's governmental fund financial statements include a presentation of reconciliation with the Government-Wide Financial Statements. Proprietary Funds are used

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

to account for two internal service funds for 1) computer infrastructure and 2) self-insured health and worker's compensation benefits. Fiduciary Funds are used to account for assets held in an agency capacity for some of the people served. Fiduciary Funds are not reflected in the government-wide financial statements, as the assets are not available to support operations.

Notes to the financial statements provide additional information essential to a full understanding of the Government-Wide and Fund Financial Statements.

C. Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year for which they are provided while grant revenues and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center revenues are considered available if they are collected within 120 days of the end of the current fiscal period. Expenditures are generally recorded when liabilities are incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as long-term liabilities for compensated absences and other claims, are recorded only when payment is due.

Grant revenues are recognized only as expenditures are incurred to the extent that the expenditures are allowable and eligible for reimbursement.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to other funds and employees for services. Operating expenses for internal service funds include cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

The Center reports the following major governmental fund:

The general fund is the Center's primary operating fund. The general fund accounts for all financial resources of the general government, except those required to be accounted for in another fund (i.e., fiduciary fund and proprietary funds).

Additionally, the Center reports the following proprietary funds:

The Sunnyside Apartments, Inc. Enterprise Fund is used to account for operations of multi-family apartment complex maintained for the mentally ill.

The Sun City Behavioral Health Care Enterprise Fund is used to account for operations of behavioral health services provided to the Center and other local entities.

Additionally, the Center reports the following custodial funds:

The fiduciary fund is used to account for assets held in an custodial capacity for some of the people served. This fund is purely custodial (assets equal liabilities) and does not involve the measurement of the results of operations. Fiduciary funds are not reflected in the government-wide financial statements, as the assets are not available to support operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the Center would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

C. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Equity

Deposits and Investments: the Center's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of investment in a Texas public funds investment pool, Logic.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

Investments for the Center are stated at fair value. The Logic funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Accounts Receivable:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government wide financial statements.

Amounts from consumers and insurance carriers (for services rendered) are reduced by the amount of the billings deemed to be ultimately uncollectible. The Center provides for an amount of uncollectible patient fees using the reserve method based on past history. The allowance for uncollectible accounts in the General Fund as of August 31, 2024, is \$306,370.

Prepaid Assets: Include rent deposits and payments made to vendors for various expenses having benefit beyond the close of a fiscal year. Prepaid assets are equally offset by a fund balance classification of nonspendable in the governmental fund balance sheet. The amount does not constitute available/spendable resources, even though it is a component of the Center's current assets.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Center's as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Purchases of capital assets are recorded as expenditures in the governmental fund financial statements. Purchased capital assets are recorded at historical cost. Contributed capital assets are recorded at an estimated fair market value on the date received.

Costs of routine maintenance and repairs, not adding to the value of an asset or not materially extending the life of an asset, are not capitalized. Improvements are capitalized and depreciated over the useful life of the related asset, as applicable.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

Depreciation is computed using the straight-line method over the estimated useful life of an asset, based upon the following schedule:

<u>CAPITAL ASSET TYPE</u>	<u>ANTICIPATED USEFUL LIFE</u>
Buildings and improvements	40 years
Vehicles	5 years
Furniture and equipment	5-10 years

Compensated Absences: Full-time employees earn vacation leave for each month of work performed. The accrual of vacation leave is based on the number of years the individual is employed by the Center. For employees who have completed a conditional period, accrued vacation leave is paid upon termination of employment.

Full time employees accumulate approximately 8 hours of sick leave per month. An individual's sick leave may be accumulated but may never exceed 180 hours. Unused sick leave is not paid upon termination of employment. Compensated absences are reported as accrued when incurred in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and these are included in wages and benefits payable.

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the "governmental activities" column of the Statement of Net Position.

Fund Balance: In the fund financial statements, governmental funds reported the following classifications of fund balance:

Non-spendable Fund Balance: includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as Non-spendable at August 31, 2024 are non-spendable in form. The Center has not reported any amounts that are legally or contractually required to be maintained intact.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

Restricted Fund Balance: includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance: includes amounts that can be used only for the specific purpose by the Center's highest level of decision making authority, the Board of Trustees. Commitments may be changed or lifted only by the Center taking the same formal action that imposed the constraint originally. Examples may include capital expenditures.

Assigned Fund Balance: includes amounts that are intended to be used for specific purposes but which do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned Fund Balance: is the residual classification for the general fund and includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The Board of Trustees is the highest level of decision-making authority. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment or assignment is the approval of a motion by the Board of Trustees. The motion must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

When multiple categories of the fund balance are available for expenditure, the Center will use funds from the most restricted category first and then from the next category in the hierarchy of available funds.

The Center does not have a formal minimum fund balance policy.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 1. Summary of Significant Accounting Policies (continued)

b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects".

c. Unrestricted Net Position: Net position that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Center to make estimates and to use 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 revenue and expenditures during the reporting period. Actual results may differ from estimates.

NOTE 2. Stewardship, Compliance and Accountability

The Center's annual budget for the general fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget for the general fund is prepared on an accounting basis consistent with generally accepted accounting principles with certain adjustments to arrive at a budgetary basis. The budget is submitted to the Board of Trustees and the budget must have the Board of Trustee's approval. All annual appropriations lapse at the fiscal year end.

Budgetary control is maintained at the program level. Revisions that alter total revenue or total expenditures must be approved by the Board of Trustees.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, deposits may not be returned or the Center will not be able to recover collateral securities in the possession of an outside party. The Center's policy requires deposits to be fully secured by collateral valued at market or par whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to deposit of funds.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 3. Deposits and Investments

Deposits are fully insured or collateralized with securities held by the Center, its agent, or by the pledging financial institution's trust department or agent in the name of the Center.

At August 31, 2024, the carrying amount of the Center's deposits includes the following:

Governmental:

Unrestricted Cash:	
Petty Cash	\$ 699
JPMorgan Chase Operating	<u>828,388</u>
Total Unrestricted Cash	829,087
Restricted Cash and Cash Equivalents:	
Certificates of Deposit	<u>708,612</u>
Total Restricted Cash	<u>708,612</u>
Total Governmental Activities	<u>\$ 1,537,699</u>

Proprietary:

Cash:	
Petty Cash	\$ 100
Northgate Operating	2,319
Northgate Sunnyside	14,548
JPMorgan Chase New Vistas	2,668
Northgate Savings	42,878
SC Chase Checking	<u>86,415</u>
Total Proprietary Fund	<u>148,928</u>
Total Government Cash and Cash Equivalents	<u>\$ 1,686,627</u>

Custodial:

Cash:	
JPMorgan Chase Rep	<u>\$ 271,747</u>

Investment Policies

Credit risk In accordance with state law, investments in investment pools must be rated at least AAA by at least one nationally recognized rating service. LOGIC is an AAA rated investment

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 3. Deposits and Investments (continued)

Investment Policies (continued)

program tailored to meet the needs of local governments in Texas. LOGIC is not registered with the Securities and Exchange Commission (SEC) as an investment Center. LOGIC securities are authorized in accordance with the Texas Public Funds Investment Act. The fair value of the position in LOGIC is the same as the value of the shares in the pool. Participation in LOGIC is voluntary.

TexPool is established as a trust fund with the Texas Comptroller of Public Accounts as trustee, segregated from all other trustors, investments, and activities of the Trust Center. Only local governments having contracted to participate in TexPool (Participants) have an undivided beneficial interest in its pool of assets. TexPool is not registered with the Securities and Exchange Commission (SEC) as an investment company. TexPool securities are authorized in accordance with the Texas Public Funds Investment Act. TexPool is governed by an Advisory Board composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool accounts for its assets and liabilities on the accrual basis of accounting. Investment income is recorded when earned and expenses are recorded when incurred.

Net investment income is allocated to Participant accounts daily on a pro-rata basis. All gains or losses from sales of securities are determined on a specific identification basis and are allocated to Participant's accounts on the date on which the gains and losses are realized. Participants may redeem their accounts at any time based on the previous days balance of their account. Unrealized gains or losses are not allocated to Participant accounts.

TexPool deposits are carried at amortized cost, which approximates fair value. Investments are priced daily and compared to TexPool's carrying value. If the ratio of the fair value of the portfolio of investments to the carrying value of investments is less than .995 or greater than 1.005, TexPool will sell investment securities, to maintain the ratio at a point between .995 and 1.005.

Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. Investment Policy - The Center's investment policy allows for investments in obligations of the United States, its agencies and instrumentalities; certificates of deposits issued by state or national banks domiciled in the state of Texas, fully collateralized direct repurchase agreements with defined termination dates; money market mutual funds that are registered and regulated by the Securities and Exchange Commission, have dollar weighted average stated maturity of 90 days or less, rated AAA by at least one nationally recognized rating service and seek to maintain a net assets value of \$1 per share; local government investment pools as allowed by the Texas Public Funds Investment Act; commercial paper with stated maturity of 270 days or less and are issued by US corporations rated A-1 by Moody's or P-1 by Standards & Poor's, or equivalent.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 3. Deposits and Investments (continued)

Investment Policies (continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. Policy requires that the maturity of investments correspond to anticipated cash flows. Policy further specifies that the maximum maturity for any investment shall not exceed two years.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Center's investment in a single issuer. The investment policy requires that investments be diversified to minimize the risk of loss from the concentration of assets in a single issuer.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The policy provides that investment securities are held by a third party custodian in an account in the Center's name.

Fair Value Measurement (GASB 72)

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The Center holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Center's mission, the Center determines that the disclosures related to these investments only need to be disaggregated by major type. The Center chooses a table format for the fair value disclosures.

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

Market approach: this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

Cost approach: this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

Income approach: this approach converts future amounts (such as cash flows) into a current discounted amount.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 3. Deposits and Investments (continued)

Fair Value Measurement (GASB 72) (Continued)

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB 72 establishes a hierarchy of inputs to the valuation techniques listed above.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy's three levels are as follows:

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

Level 2

Are significant other observable inputs:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability, such as:
 - 1) Interest rates and yield curves observable at commonly quoted intervals,
 - 2) Implied volatilities, and
 - 3) Credit spreads.
- d) Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap)

Level 3

Are significant unobservable inputs for an asset or liability. (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

These investments held by the Center are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Center are deemed to be actively traded.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 3. Deposits and Investments (continued)

Fair Value Measurement (GASB 72) (Continued)

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Center has the following recurring fair value measurements as of August 31, 2024:

Investment Type	Level 1	Level 2	Level 3	Total
LOGIC Participant Services	\$ 25,451,198	\$ -	\$ -	\$ 25,451,198
TexPool Participant Services	<u>2,934,418</u>	<u>-</u>	<u>-</u>	<u>2,934,418</u>
Total Investments	<u>\$ 28,385,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,385,616</u>

EMERGENGE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 4. Receivables

As of August 31, 2024, the Center's accounts receivable in the general fund consisted of accruals of amounts due from various federal, state and local sources. Accounts receivable consists of the following at August 31, 2024:

Patent accounts receivable, computed rate	\$	2,236,970
Less: allowance for contractual		<u>(306,370)</u>
Patent accounts receivable, net		1,930,600
<i>State and federal sources:</i>		
Client Fees/Trust Acct.		3,394
TCCOOMMI		460,299
Del Sol Medical		4,500
Housing and Urban Development -Rapid Re-Housing		40,654
Housing and Urban Development -Supported Housing		27,106
ICFMR-Casa Norton		24,951
ICFMR-Su Casa		17,037
Homeless Street Outreach		33,778
Medical Administrative Claiming		1,433,941
HUD - Permanent		24,977
Las Palmas Medical Center		6,875
Outpatient Expansion		44,217
Outreach, Screening, Assessment, and Referral Centers (OSAR)		58,125
CIT - SB/292		277,702
MAT-AUD		14,669
SAMHSA CARA		34,663
YCOT		345,005
Inspire Court		8,552
DSHS-CSC		53,516
Texas System of Care		84,271
MST Prevention		121,295
Crisis Hotline & MCOT		8,929
CRC		17,391
<i>Other local sources:</i>		
County- Court Assessment		103,312
MFP-Behavioral & Psych		93,363
Children's Mental		6,537
EPCSO - CIT		171,582
Miscellaneous Income		6,880
University Medical Center		7,196
City of Socorro CIT		28,400
City of El Paso		382,765
Parking		38
Sunnyside Apartments		365,981
El Paso Center For Children		1,610
South Shore USA Inc.		165
UMC BHC		22,844
Correctional Health, UMC		439,596
Texas Veteran		11,691
MFP-Enhance Community		8,250
MHFA Outreach Worker		28,010
Community Health Worker		60,877
NSPL		163,466
CSC-CSF		76,048
Total Governmental Activities		<u>7,055,059</u>
<i>Proprietary:</i>		
Sunnyside Apartments		14,673
Total		<u>\$ 7,069,732</u>

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 5. Capital Assets

The following is a summary of governmental activities capital assets and changes occurring during the year ended August 31, 2024:

Governmental Activities:	Balance September 1, 2023	Additions	Transfers/ Disposals	Balance August 31, 2024
Nondepreciable assets:				
Land	\$ 40,000	\$ -	\$ (40,000)	\$ -
Depreciable assets:				
Buildings and improvements	329,066	-	-	329,066
Furniture and equipment	8,091,488	311,946	(41,440)	8,361,994
Software	4,140,097	-	-	4,140,097
Vehicles	1,167,394	446,742	(28,382)	1,585,754
Leasehold improvements	<u>2,443,426</u>	<u>101,560</u>	<u>-</u>	<u>2,544,986</u>
Total capital assets at historical costs	16,211,471	860,248	(109,822)	16,961,897
Less: accumulated depreciation				
Buildings and improvement	(286,790)	(21,643)	-	(308,433)
Furniture and equipment	(5,929,760)	(512,254)	29,206	(6,412,808)
Software	(4,294,424)	(527,034)	-	(4,821,458)
Vehicles	(991,164)	(69,414)	20,813	(1,039,765)
Leasehold improvements	<u>(2,025,146)</u>	<u>(170,689)</u>	<u>-</u>	<u>(2,195,835)</u>
Total accumulated depreciation	<u>(13,527,284)</u>	<u>(1,301,034)</u>	<u>50,019</u>	<u>(14,778,299)</u>
Total capital assets	<u>\$ 2,684,187</u>	<u>\$ (440,786)</u>	<u>\$ (59,803)</u>	<u>\$ 2,183,598</u>

In the government- wide financial statements, depreciation expense was charged to the Center's programs as follows:

Governmental Activities:	
Behavioral health	\$ 676,539
Intellectual disabilities programs	208,165
Diversion	91,072
Collaborative care	13,010
Crisis and emergency	13,010
Addiction	78,062
Administration	<u>221,176</u>
Total depreciation expense	<u>\$ 1,301,034</u>

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 5. Capital Assets (continued)

The following is a summary of business-type activities capital assets and changes occurring during the year ended August 31, 2024:

Business-type activities	Balance September 1, 2023	Additions	Transfers/ Disposals	Balance August 31, 2024
Nondepreciable assets				
Land	\$ 36,898	\$ -	-	\$ 36,898
Depreciable assets:				
Buildings and improvements	454,309	-	-	454,309
Furniture and fixtures	62,616	-	-	62,616
Vehicle	161,246	-	-	161,246
Leasehold improvements	<u>19,236</u>	<u>-</u>	<u>-</u>	<u>19,236</u>
Total capital assets of historical costs	734,305	-	-	734,305
Less: accumulated depreciation				
Building and improvements	(409,676)	(12,957)	-	(422,633)
Furniture and fixtures	(62,616)	-	-	(62,616)
Vehicles	(161,246)	-	-	(161,246)
Leasehold improvements	<u>(19,236)</u>	<u>-</u>	<u>-</u>	<u>(19,236)</u>
Total accumulated depreciation	<u>(652,774)</u>	<u>(12,957)</u>	<u>-</u>	<u>(665,731)</u>
Total capital assets	<u>\$ 81,531</u>	<u>\$ (12,957)</u>	<u>\$ -</u>	<u>\$ 68,574</u>

In the business-type financial statements, depreciation expense is \$12,957 for the year ended August 31, 2024.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 6. Debt

During the year ended August 31, 2024, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental activities	Obligations outstanding September 1, 2023	Additions	Retirements	Obligations Outstanding August 31, 2024	Amount Due within One Year
Compensated absences	\$ 985,627	\$ 1,358,708	\$ (1,206,557)	\$ 1,137,778	\$ 1,137,778
	<u>\$ 985,627</u>	<u>\$ 1,358,708</u>	<u>\$ (1,206,557)</u>	<u>\$ 1,137,778</u>	<u>\$ 1,137,778</u>
Business-type activities	Obligations Outstanding September 1. 2023	Additions	Retirements	Obligations Outstanding August 31, 2024	Amount Due Within One year
Mortgage payable	\$ 112,592	\$ -	\$ (26,329)	\$ 86,263	\$ 31,398
	<u>\$ 112,592</u>	<u>\$ -</u>	<u>\$ (26,329)</u>	<u>\$ 86,263</u>	<u>\$ 31,398</u>
	August 31,	Principal	Interest	Requirements	
	2025	\$ 31,398	\$ 7,218	\$ 38,616	
	2026	34,429	4,187	38,616	
	2027	<u>20,436</u>	<u>804</u>	<u>21,240</u>	
Totals		<u>\$ 86,263</u>	<u>\$ 12,209</u>	<u>\$ 98,472</u>	

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 7. Right to Use Asset

	Balance August 31, 2023	Increases	Decreases	Balance August 31, 2024
9565 Diana	\$ 841,785	\$ -	\$ -	\$ 841,785
9609 Carnegie	831,747	-	-	831,747
Blanco	267,682	-	-	267,682
Borderplex	9,679,358	-	-	9,679,358
South Mesa Hills	662,403	-	-	662,403
1477 Lomaland	1,538,313	777,817	-	2,316,130
1551 Montana	2,228,794	-	-	2,228,794
1600 Montana	367,313	5,557,258	-	5,924,571
2400 Trawood	1,687,012	883,525	-	2,570,537
7760 Alabama	2,566,676	-	-	2,566,676
8500 Boeing	2,346,927	-	-	2,346,927
Spectrum Imaging	134,774	-	-	134,774
10737 Gateway Ste 250	1,944,365	-	-	1,944,365
10737 Gateway Ste 350	1,431,206	-	-	1,431,206
8730 Boeing	1,991,624	-	-	1,991,624
8139 Beatrix	<u>-</u>	<u>806,525</u>	<u>-</u>	<u>806,525</u>
Total right of use asset	28,519,979	8,025,125	-	36,545,104
Less accumulated amortization				
9565 Diana	84,178	42,089	-	126,267
9609 Carnegie	83,174	41,587	-	124,761
Blanco	26,768	13,384	-	40,152
Borderplex	483,966	483,970	-	967,936
South Mesa Hills	66,240	33,120	-	99,360
1477 Lomaland	153,832	76,916	114,942	115,806
1551 Montana	222,880	111,440	-	334,320
1600 Montana	36,732	296,229	36,732	296,229
2400 Trawood	168,702	128,527	168,702	128,527
7760 Alabama	256,668	128,334	-	385,002
8500 Boeing	117,346	117,346	-	234,692
Spectrum Imaging	67,387	67,387	-	134,774
10737 Gateway Ste 250	97,218	97,218	-	194,436
10737 Gateway Ste 350	71,560	71,560	-	143,120
8730 Boeing	99,581	99,581	-	199,162
8139 Beatrix	<u>-</u>	<u>40,326</u>	<u>-</u>	<u>40,326</u>
Total accumulated amortization	<u>2,036,232</u>	<u>1,849,014</u>	<u>320,376</u>	<u>3,564,870</u>
Net right to use asset	<u>\$ 26,483,747</u>	<u>\$ 6,176,111</u>	<u>\$ (320,376)</u>	<u>\$ 32,980,234</u>

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 8. Lease Liability

A summary of changes in lease liability for the year ended August 31, 2024 was as follows:

	<u>Lease Liability</u>
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	\$ 765,305
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	756,177
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	252,665
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	9,127,257
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	602,220
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	2,249,703
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	2,026,293
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	5,754,658
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	2,496,816
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	2,464,751
Lease liability for a lease agreement for a rental property with an interest rate of 5.25%, and a maturity date of August 2041.	2,234,578
Lease liability for a rental property with an interest rate of 5.25%, and a maturity date of August 2042.	1,829,772
Lease liability for a rental property with an interest rate of 5.25%, and a maturity date of August 2042.	1,346,856
Lease liability for a rental property with an interest rate of 5.25%, and a maturity date of August 2042.	1,874,246
Lease liability for a rental property with an interest rate of 5.25%, and a maturity date of August 2043.	<u>783,394</u>
Total lease liability	<u>\$ 34,564,691</u>

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 8. Lease Liability (continued)

The following is a summary of the leases obligations and the activity for the year ended August 31, 2024:

	Balance August 31, 2023	Additions	Reductions	Balance August 31, 2024	Due Within One Year
9565 Diana	\$ 792,174	\$ -	\$ 26,869	\$ 765,305	\$ 28,348
9609 Carnegie	782,727	-	26,550	756,177	28,010
Blanco	258,321	-	5,656	252,665	6,364
Borderplex	9,418,416	-	291,159	9,127,257	253,415
South Mesa Hills	623,364	-	21,144	602,220	22,307
1477 Lomaland	1,447,651	2,316,128	1,514,076	2,249,703	70,078
1551 Montana	2,097,438	-	71,145	2,026,293	75,058
1600 Montana	354,467	5,924,571	524,380	5,754,658	179,258
2400 Trawood	1,587,586	2,570,537	1,661,307	2,496,816	77,776
7760 Alabama	2,505,619	-	40,868	2,464,751	48,476
8500 Boeing	2,286,979	-	52,401	2,234,578	58,844
Spectrum Imaging	69,191	-	69,191	-	-
10737 Gateway Ste 250	1,888,602	-	58,830	1,829,772	62,066
10737 Gateway Ste 350	1,390,160	-	43,304	1,346,856	45,685
8730 Boeing	1,934,506	-	60,260	1,874,246	63,574
8139 Beatrix	-	806,525	23,131	783,394	24,404
Total	\$ 27,437,201	\$ 11,617,761	\$ 4,490,271	\$ 34,564,691	\$ 1,043,663

The annual requirements to amortize the lease of the building and clinic space outstanding as of August 31, 2024, including interest payments with interest rates of 5.25% as follows:

Years ending June 30,	Principal	Interest	Total
2025	\$ 1,043,663	\$ 1,897,821	\$ 2,941,484
2026	1,118,184	1,840,042	2,958,226
2027	1,197,119	1,778,139	2,975,258
2028	1,278,836	1,711,973	2,990,809
2029	1,365,328	1,641,293	3,006,621
2030 - 2034	8,310,821	6,968,988	15,279,809
2035 - 2039	11,363,022	4,391,846	15,754,868
2040 - 2043	8,887,718	980,033	9,867,751
	\$ 34,564,691	\$ 21,210,135	\$ 55,774,826

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 9. Self Insurance

The Center has established a self insurance plan for employee health and dental coverage. The Center purchases commercial stop-loss coverage for medical claims in excess of \$75,000 per employee, per year, with an aggregate annual policy limit of \$1,000,000 per year. Liabilities are calculated considering known claims and estimates of future claims (incurred but not reported claims, IBNR) based on the lag time of medical claims. The Center accounts for this risk management activity in the internal service fund. At year-end, the internal service fund and the statement of net position for governmental activities reflect an estimated liability of \$330,000 for known and IBNR claims. The Center does not discount its claim liabilities.

Changes in the balances of accrued claims liabilities during the last two years are as follows:

	2024		2023
Self- Insurance - Health			
Unpaid Claims, Beginning of Year	\$ 762,754	\$	764,890
Incurred Claims (Including IBNR's)	3,872,884		3,307,292
Claim Payments, Net of Reinsurance	(3,875,638)		(3,309,428)
Unpaid Claims, End of Year	\$ 760,000	\$	762,754

NOTE 10. Risk Management

The Center is exposed to various risks of loss related general liability: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; doctors' malpractice; and natural disasters. During fiscal year 2024, the Center was covered by insurance for these various risks at a cost it considered to be economically justifiable.

NOTE 11. Concentrations of Credit Risks

The Center receives a substantial portion of its revenue in the form of annual performance contracts with the Texas Department of State Health Services (DSHS) and for services related to intellectual disabilities. The Center is economically dependent on these contracts. At August 31, 2024, these contracts have been continued through August 31, 2023.

NOTE 12. Commitments and Contingencies

The Center is the recipient of various federal and state-assisted grant programs. These programs are subject to financial and compliance audits by the grantors, their representatives or other regulatory authorities. The audits serve to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The Center believes any liability for reimbursement, arising as a result of these types of audits, is immaterial. However, the Center is subject to certain penalties, sanctions and/or recumbent in the event of contract non-compliance. Periodically, in the normal course of business, the Center is named in lawsuits. To date, liability resulting from such lawsuits has not been material to the financial position.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 13. Compliance with Conditions of Awarding of General Revenue

Management believes they have complied with the conditions of the awarding of the general revenue. Local support exceeded the minimum percent required.

NOTE 14. Subsequent Events

Management has performed an evaluation of the Center's activity through January 23, 2025, the date these financial statements were available for issuance and noted no items requiring further disclosure.

NOTE 15. Subsequent Pronouncements

New Pronouncements

In June 2022 GASB issued Statement No. 100 Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 was issued. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal year beginning after June 15, 2023, and all reporting periods thereafter. The Center is evaluating the effect of adopting this statement.

Future Pronouncements

In June 2022 GASB Statement No. 101, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Center is still evaluating how this pronouncement will effect the financial statements.

In December 2023, GASB Statement No. 102, Certain Risk Disclosures, was issued. State and local governments face risks that could negatively affect the service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

EMERGENCE HEALTH NETWORK
Notes to Financial Statements (Continued)
August 31, 2024

NOTE 15. Subsequent Pronouncements (continued)

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The Center is still evaluating how this pronouncement will effect of the financial statements.

In April 2024, GASB Statement No. 103, Financial Reporting Model Improvements, was issued. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Center is still evaluating how this pronouncement will effect of the financial statements.

SAS 149, Audits of Group Financial Statements, effective for periods ending on or after 12/15/2026. The objective is to provide a risk-based approach to planning and performing a group audit. Extant AU-C section 600 focused on the identification of significant components at which to perform audit work. In SAS No. 149, the group auditor uses professional judgment in determining the components at which to perform procedures that respond to assessed risks. SAS No. 149 also better aligns the standard with other recently issued SASs and clarifies the interaction between the SAS and other AU-C sections. SAS No. 149 is effective for audits of group financial statements for periods ending on or after December 15, 2026. The Center is still evaluating how this pronouncement will affect of the financial statements.

The Uniform Guidance's single audit threshold is increasing from \$750,000 to \$1,000,000 for audits with periods beginning on or after October 1, 2024. This means that only entities that spend \$1 million or more of federal funds in their fiscal year will be subject to a Single Audit.

REQUIRED SUPPLEMENTARY INFORMATION

EMERGENCE HEALTH NETWORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General (Operating) Fund
For the Year Ended August 31, 2024

General (Operating) Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES:				
Local sources				
Local government funds	\$ 7,098,903	\$ 7,098,903	\$ 5,486,181	\$ (1,612,722)
Patient fees	10,889,251	10,889,251	9,693,582	(1,195,669)
TCOMMI	1,747,224	1,747,224	2,987,019	1,239,795
Grant revenue	1,651,070	1,651,070	4,044,635	2,393,565
1115 Waiver, net	11,947,850	11,947,850	13,899,008	1,951,158
ICF upper payment	75,835	75,835	149,056	73,221
Other income	<u>2,649,418</u>	<u>2,649,418</u>	<u>1,680,876</u>	<u>(968,542)</u>
Total Local Sources	<u>36,059,551</u>	<u>36,059,551</u>	<u>37,940,357</u>	<u>1,880,806</u>
State sources				
General revenue	<u>32,618,261</u>	<u>32,618,261</u>	<u>27,944,017</u>	<u>(4,674,244)</u>
Total State Sources	<u>32,618,261</u>	<u>32,618,261</u>	<u>27,944,017</u>	<u>(4,674,244)</u>
Federal Sources				
Medicaid administrative claiming	2,822,364	2,822,364	2,049,765	(772,599)
HUD	<u>1,038,555</u>	<u>1,038,555</u>	<u>1,059,315</u>	<u>20,760</u>
Total Federal Sources	<u>3,860,919</u>	<u>3,860,919</u>	<u>3,109,080</u>	<u>(751,839)</u>
Investment earnings	<u>-</u>	<u>-</u>	<u>1,504,454</u>	<u>1,504,454</u>
Total Revenues	<u>\$ 72,538,731</u>	<u>\$ 72,538,731</u>	<u>\$ 70,497,908</u>	<u>\$ (2,040,823)</u>

See independent auditors' report.

EMERGENCE HEALTH NETWORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General (Operating) Fund
For the Year Ended August 31, 2024

General (Operating) Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
EXPENDITURES:				
Current				
Personnel	\$ 37,236,493	\$ 37,236,493	\$ 37,201,280	\$ 35,213
Employee benefits	9,845,846	9,845,846	9,729,669	116,177
Travel	821,804	821,804	646,496	175,308
Medications	915,704	915,704	1,536,264	(620,560)
Occupancy costs	4,270,727	4,270,727	3,989,219	281,508
Insurance	659,859	659,859	727,821	(67,962)
Client related costs	1,465,599	1,465,599	1,342,853	122,746
Supplies	543,395	543,395	33,867	509,528
Contracts	10,929,844	10,929,844	7,869,027	3,060,817
Equipment rent	81,525	81,525	81,016	509
Fleet	269,573	269,573	237,636	31,937
Staff development	345,783	345,783	220,507	125,276
Fees	2,855,338	2,855,338	3,119,695	(264,357)
Upper payment limit	25,278	25,278	63,565	(38,287)
Bad debt expense	391,129	391,129	315,808	75,321
Other	1,155,364	1,155,364	2,030,616	(875,252)
Capital outlay	<u>673,582</u>	<u>673,582</u>	<u>860,248</u>	<u>(186,666)</u>
 Total Expenditures	 <u>72,486,843</u>	 <u>72,486,843</u>	 <u>70,005,587</u>	 <u>2,481,256</u>
 Net change in fund balance	 <u>51,888</u>	 <u>51,888</u>	 492,322	 <u>440,433</u>
 Fund balance beginning of year			 <u>28,719,293</u>	
 Fund balance end of year			 <u>\$ 29,211,615</u>	

See independent auditors' report.

SUPPLEMENTARY INFORMATION

EMERGENCE HEALTH NETWORK
Combining Statement of Net Position
Proprietary Funds
For the Year Ended August 31, 2024

	Sunnyside Apartments Inc.	Sun City Behavioral Health Care	Total	Internal Service Fund- Self Insurance
Assets				
Current assets				
Cash and cash equivalents	\$ 62,513	\$ 86,415	\$ 148,928	\$ -
Accounts receivable	14,673	-	14,673	-
Investments	-	93,081	93,081	-
Due from other funds	-	-	-	1,703,619
Total current assets	<u>77,186</u>	<u>179,496</u>	<u>256,682</u>	<u>1,703,619</u>
Non-current asset				
Capital assets	68,574	-	68,574	-
Other assets	<u>3,211</u>	<u>3,861</u>	<u>7,072</u>	<u>-</u>
Total noncurrent assets	<u>71,785</u>	<u>3,861</u>	<u>75,646</u>	<u>-</u>
Total assets	<u>\$ 148,971</u>	<u>\$ 183,357</u>	<u>\$ 332,328</u>	<u>\$ 1,703,619</u>
Liabilities and net position				
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	\$ 368,867	\$ -	\$ 368,867	\$ -
Claims payable	-	-	-	760,000
Current portion of mortgage payable	<u>31,398</u>	<u>-</u>	<u>31,398</u>	<u>-</u>
Total current liabilities	400,265	-	400,265	760,000
Non-current liabilities				
Mortgage payable, net of current portion	<u>54,865</u>	<u>-</u>	<u>54,865</u>	<u>-</u>
Total liabilities	455,130	-	455,130	760,000
Deferred inflow				
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>982,905</u>
Net position				
Unrestricted	<u>(306,159)</u>	<u>183,357</u>	<u>(122,802)</u>	<u>(39,286)</u>
Total net position (deficit)	<u>(306,159)</u>	<u>183,357</u>	<u>(122,802)</u>	<u>(39,286)</u>
Total liabilities and net position	<u>\$ 148,971</u>	<u>\$ 183,357</u>	<u>\$ 332,328</u>	<u>\$ 1,703,619</u>

See independent auditors' report.

EMERGENCE HEALTH NETWORK
Combining Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended August 31, 2024

	Sunnyside Apartments Inc.	Sun City Behavioral Health Care	Total	Internal Service Fund- Self Insurance
Operating revenues				
Insurance charges, from general fund	\$ -	\$ -	\$ -	\$ 5,121,420
Rental income, net	49,689	-	49,689	-
Fee for services	-	4,960	4,960	-
	<u>49,689</u>	<u>4,960</u>	<u>54,649</u>	<u>5,121,420</u>
Total operating revenues	49,689	4,960	54,649	5,121,420
Operating expenses				
Claims paid	-	-	-	3,875,638
Depreciation	12,957	-	12,957	-
Equipment rent and maintenance	1,579	-	1,579	-
Miscellaneous fees and bad debt	2,886	471	3,357	-
Office expense	9,220	-	9,220	-
Plan administration expense	-	-	-	1,245,783
Rent expense	62,809	-	62,809	-
Salaries and benefits	50,154	-	50,154	-
	<u>139,605</u>	<u>471</u>	<u>140,076</u>	<u>5,121,421</u>
Total operating expenses	139,605	471	140,076	5,121,421
Operating income (loss)	<u>(89,916)</u>	<u>4,489</u>	<u>(85,427)</u>	<u>(1)</u>
Change in net position	(89,916)	4,489	(85,427)	(1)
Net position, beginning of year (deficit)	<u>(216,243)</u>	<u>178,868</u>	<u>(37,375)</u>	<u>(39,285)</u>
Net position, end of year (deficit)	<u>\$ (306,159)</u>	<u>\$ 183,357</u>	<u>\$ (122,802)</u>	<u>\$ (39,286)</u>

See independent auditors' report.

Emergence Health Network
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Federal CFDA Number	Total Expenditures
FEDERAL AWARDS			
U.S. Department of Housing and Urban Development (HUD)			
Supportive Housing (December 2022 - November 2023)	TX0128L6T032114	14.267	\$ 338,724
Supportive Housing (December 2023 - November 2024)	TX0128L6T032215	14.267	247,706
Permanent Supportive Housing (January 2023 - December 2023)	TX0553L6T032102	14.267	290,392
Permanent Supportive Housing (January 2024 - December 2024)	TX0553L6T032203	14.267	214,666
Rapid Re-Housing (May 2023 - April 2024)	TX0453L6T032206	14.267	301,217
Rapid Re-Housing (May 2024 - April 2025)	TX0453L6T0323207	14.267	108,526
Homeless Street Outreach (September 2023 - August 2024)	20-1039-1977	14.231	<u>107,900</u>
Total U.S. Department of Housing and Urban Development			1,609,131
U.S. Department of Health and Human Services			
Passed through the Texas Department of Health and Human Services (DSHS) TANF			
Health Services (DSHS) (TANF)	HHS001324500016	93.558.667	240,709
Title XX - Social Services Block Grant	HHS001022200016	93.958	1,111,997
Title XX - Crisis Transitional	HHS001022200016	93.667	73,013
Title XX	HHS001022200016	93.667	128,436
Job Development	HHS001022200016	93.788	88,791
Supported Housing	HHS001022200016	93.958	233,675
Medicaid Administrative Clearing (MAC)	529-09-0032-0049	93.778	2,049,763
Children's Mental Health System Navigator Grant Program	HHS001204800004	93.958	58,973
Treatment for Adults (TRA)	HHS000663700065	93.959	75,531
Treatment for Youth (TRY)	HHS000663700143	93.959	11,192
Treatment for Youth (TRF)	HHS001040100010	93.959	1,190
MHFA Outreach Worker Funds	HHS000186400001	93.958	138,050
OSAR	HHS000782500008	93.959	360,096
OSAR COVID	HHS000782500008	93.959	176,519
Texas Targeted Opioid Response (TTOR)	HHS000782500008	93.788	65,000
Community Health Workers (CHW)	HHS000780500003	93.959	684,191
National Suicide Prevention Lifeline (NSPL)	HHS000790600004	93.958	805,217
CMHC (CORE, SBMH, Wellness Initiative) (October 1, 2022 - September 30, 2023)	1H79SM085511	93.958	1,496,344
CMHC (CORE, SBMH, Wellness Initiative) (October 30, 2023 - May 30, 2024))	1H79SM085511	93.958	627,759
Outpatient Capacity Expansion	HHS001108400016	93.958	293,292
Crisis Hotline & MCOT COVID Supplemental Grant	HHS001108400016	93.958	66,429
Texas System of Care (SOC)	HHS001099100001	93.104	<u>459,707</u>
Total Passed through HHSC			9,245,874
MFP HUB-Transition Support (September 1, 2023 - December 31, 2023)	HHS001333300017	93.791	111,541
MFP HUB-Transition Support (January 1, 2024 - August 31, 2024)	HHS001333300017	93.791	272,187
MFP Enhanced Community Coordination (September 1, 2023 - December 31, 2023)	HHS001333300017	93.791	27,353
MFP Enhanced Community Coordination (January 1, 2024 - August 31, 2024)	HHS001333300017	93.791	<u>61,883</u>
Total Direct Health & Human Services			472,964
Total U.S. Department of Health & Human Services			9,718,838
Total Expenditures of Federal Awards			\$ 11,327,969

See accompanying notes to the schedule of expenditures of federal and state awards and accompanying independent auditors report

Emergence Health Network
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Total Expenditures
STATE AWARDS		
Texas Department of State Health Services:		
DSHS		
General Revenue - Mental Health	HHS001324500016	\$ 9,668,789
General Revenue - Crisis Redesign	HHS001324500016	1,057,680
General Revenue - PESC	HHS001324500016	1,110,897
New Generation Medications	HHS001324500016	1,369,679
Child and Adolescent Services	HHS001324500016	850,317
Outpatient Competency Restoration	HHS001022200016	387,220
Veterans Services	HHS001324500016	94,201
PPB	HHS001324500016	2,599,456
ESC	HHS001324500016	105,054
CRC (October 2023 - August 2024)	9112020083558	191,304
MHFA - Training Funds	HHS000186400017	70,000
Medication Assisted Treatment Alcohol and Other Substance Use Disorder (MAT-AUD)	HHS001196700002	86,425
Youth Crisis Outreach Team Grant Program (YCOT) (May 1, 2024 - August 31, 2024)	HHS001442900004	358,695
Texas Veterans and Family Alliance (MH/TV+FA)	HHS001234000012	216,525
Grant Program for Justice Involved Individuals (SB292)	HHS000134400004	1,522,186
Coordinated Specialty Care (CSC) & COVID-19 Supplemental (CSF)	HHS001329300012	770,000
IDD		
American Rescue Plan Act (ARPA)	HHS000995700001	94,124
General Revenue - Intellectual Disabilities	HHS001333300017	1,737,366
General Revenue - Permanency Planning	HHS001333300017	13,189
Community Living Options Information Procedure (CLOIP)	HHS001333300017	80,267
IDD Crisis and Behavioral Support	HHS001333300017	351,465
IDD Crisis Respite Services	HHS001333300017	58,608
Total Department of State Health Services		<u>22,793,447</u>
Total Expenditures of State Awards		<u>22,793,447</u>
Total Expenditures of Federal and State Awards		<u>\$ 34,121,416</u>

See accompanying notes to the schedule of expenditures of federal and state awards and
accompanying independent auditors report

EMERGENCE HEALTH NETWORK
Notes to the Schedule of Expenditures of Federal and State Awards
August 31, 2024

NOTE A: GENERAL

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards of the Center. The Center's reporting entity is defined in Note 1 of the basic financial statements. Federal and state awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal and State Awards.

NOTE B: BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. State and federal grants are considered to be earned to the extent of expenditures made under the provision of the grant; and accordingly, when such funds are received, and they are recorded as unearned revenue until earned.

NOTE C: STATE AWARD GUIDELINES

State awards are subject to HHSC's Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers and Office of the Governor's State of Texas Single Audit Circular. Such guidelines are consistent with those required under the Uniform Guidance and Government Auditing Standards, issued by the Comptroller General of the United States.

NOTE D: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Certain state and federal programs have been excluded from the Schedule of Expenditures of Federal and State Awards, including monies received under vendor contract for the Texas Department of Criminal Justice for the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) program. These monies are included in total local revenues in the basic financial statements. The monies are excluded from the Schedule of Expenditures of Federal and State Awards are not considered financial assistance as defined in the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.

NOTE E: INDIRECT COSTS

The Center has contracted with the respective granting agencies for indirect cost rates. Allowable indirect costs for each award are determined by the related terms and conditions developed by the awarding agency for each program. The Center has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE F: SUB-RECIPIENTS OF FEDERAL AWARDS

The Center does not have any sub-recipients for their federal awards.

NOTE G: NON-CASH FEDERAL ASSISTANCE

The Center did not receive any noncash assistance.

COMPLIANCE SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' 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

The Board of Trustees
Emergence Health Network
El Paso, Texas

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 the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Emergence Health Network (the "Center") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 23, 2025.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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 result of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dahlia Garcia". The signature is written in a cursive, flowing style.

Beasley Mitchell & Co., LLP
El Paso, Texas
January 23, 2025



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

The Board of Trustees
Emergence Health Network
El Paso, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal Program

We have audited Emergence Health Network compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and State of Texas Single Audit Circular (TSAC) that could have a direct and material effect on each of Emergence Health Network's major federal programs for the year ended August 31, 2024. Emergence Health Network's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Emergence Health Network 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 August 31, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Emergence Health Network and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Emergence Health Network's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of

contracts or grant agreements applicable to Emergence Health Network's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Emergence Health Network's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Emergence Health Network's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Emergence Health Network's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Emergence Health Network's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Emergence Health Network's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

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

Government Auditing Standards requires the auditor to perform limited procedures on Emergence Health Network's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Emergence Health Network's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Beasley, Mitchell & Co., LLP
El Paso, Texas
January 23, 2025

EMERGENCE HEALTH NETWORK
 Summary of Audit Results
 August 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs

- Material weakness (es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Type of auditors' report issued on compliance with major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medicaid Administrative Claiming (MAC)
14.267	Continuum of Care Program
93.959	Block Grants for Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee Yes No

See independent auditors' report and accompanying notes

EMERGENGE HEALTH NETWORK
 Summary of Audit Results
 August 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Internal control over financial reporting:

- Material weakness (es) identified? _____ Yes _____ **X** No
 - Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____ **X** No
- Noncompliance material to financial statements noted? _____ Yes _____ **X** No

State Awards

Internal control over major programs

- Material weakness (es) identified? _____ Yes _____ **X** No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____ **X** No

Type of auditors' report issued on compliance with major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes _____ **X** No

Identification of Major Programs:

Name of Federal Program or Cluster

- DSHS - General Revenue - HHS00102220016
- DSHS - Child & Adolecence Service - HHS00102220016
- DSHS - General Revenue Crisis Redesign - HHS0010222016
- DSHS - General Revenue PESC - HHS0010222016
- DSHS - Outpatient Competency Restoration - HHS0010222016
- DSHS - New Gen Medications - HHS0010222016
- DSHS - Veterans Services - HHS0010222016
- DSHS - PPB - HHS0010222016
- DSHS - ESC - HHS0010222016
- DSHS - PDMCC - HHS0010222016
- DSHS - Youth Crisis Outreach - HHS000134400004

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee _____ **X** Yes _____ No

**STATISTICAL SECTION
(UNAUDITED)**

EMERGENCE HEALTH NETWORK

**RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER FINANCIAL REPORT
FOR THE ENDED AUGUST 31, 2024 (UNAUDITED)**

Object of Expenditures	<u>Care Report III</u>	<u>Additions</u>	<u>Deletions</u>	<u>Audited Financial Statements</u>
Salaries	\$ 30,353,828	\$ 42,706	\$ -	\$ 30,396,534
Employee Benefits	7,981,339	19,529		8,000,868
Professional & Consultant Svc	6,606,521	3,937		6,610,458
Training & Travel	562,111	(969)		561,142
Debt Service				-
Capital Outlay	673,826	186,422		860,248
Pharmaceutical Expenses	1,536,266			1,536,266
Other Operating Expenditures	9,293,988	1,466,093		10,760,081
Central Administrative & Administrative Authority	11,436,183	30,229	186,422	11,279,990
Total	<u>\$ 68,444,062</u>	<u>\$ 1,747,946</u>	<u>\$ 186,422</u>	<u>\$ 70,005,586</u>
Total Expenses - General Fund	\$ 68,444,062			
Total Unallowable not included in Expenditures	<u>1,561,524</u>			
Total Expense Reported Above	<u>\$ 70,005,586</u>			

EMERGENCY HEALTH NETWORK

RECONCILIATION OF TOTAL REVENUES TO FOURTH QUARTER FINANCIAL REPORT FOR THE ENDED AUGUST 31, 2024 (UNAUDITED)

	REVENUES			Audited Financial Statements
	Care Report III	Additions	Deletions	
Local Sources:				
City Government	\$ 1,198,652			\$ 1,198,652
County Revenue	4,287,527			4,287,527
Patient Fees and Insurance	6,337,138	15,849		6,352,987
Transfers from Reserves	-			-
Miscellaneous	2,398,424	169,492		2,567,916
PAP Contributions	686,907			686,907
Total Local Sources	14,908,649	185,341	-	15,093,990
State General Revenues	25,285,313			25,285,313
Other State Sources:				
Medicaid Waiver and ICF Programs	6,988,506			6,988,506
Texas Council on Offenders with	1,641,847			1,641,847
Other State	1,445,172			1,445,172
Total Other State Revenue	10,075,525	-	-	10,075,525
Total State Revenue	35,360,838	-	-	35,360,838
Federal Sources:				
Mental Health Block Grant	1,111,997			1,111,997
Title XX - TANF	240,709			240,709
Title XX - Social Services	128,436			128,436
TANF CFDA #93.558.667	73,013			73,013
Other Federal	18,488,924			18,488,924
Total Federal Sources	20,043,080	-	-	20,043,080
Total Revenue	\$ 70,312,567	\$ 185,341	\$ -	\$ 70,497,908

EMERGENCE HEALTH NETWORK

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS - SCHEDULE BY FUNCTION
FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)**

Function	Land and Buildings	Furniture, Software and Equipment	Leasehold Improvements	Vehicles	Total Governmental Fund Capital Assets
Behavioral Health	\$ -	\$ 3,794,248	\$ 1,479,711	\$ 1,251,749	\$ 6,525,708
Intellectual Disabilities programs	329,065	353,811	126,936	255,527	1,065,339
Administrative	-	8,354,033	938,338	78,478	9,370,850
Total governmental fund capital assets	<u>\$ 329,065</u>	<u>\$ 12,502,092</u>	<u>\$ 2,544,986</u>	<u>\$ 1,585,754</u>	<u>\$ 16,961,897</u>

EMERGENCE HEALTH NETWORK

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS - SCHEDULE BY SOURCES
FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)**

Governmental Funds Capital Assets	
Land and Buildings	\$ 329,065
Furniture, Software, and Equipment	12,502,092
Leasehold improvements	2,544,986
Vehicles	<u>1,585,754</u>
Total governmental funds capital assets	<u>16,961,897</u>
Investment in governmental funds capital assets general fund	<u>\$ 16,961,897</u>

EMERGENCE HEALTH NETWORK

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS - SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)**

Function	Balance September 1, 2023	Additions	Deletions	Balance August 31, 2024
Behavioral Health	\$ 5,944,900	\$ 673,786	\$ 92,979	\$ 6,525,708
Intellectual Disabilities programs	1,047,591	19,022	1,273	1,065,339
Administrative	9,218,980	167,440	15,569	9,370,851
Total governmental fund capital assets	<u>\$ 16,211,471</u>	<u>\$ 860,248</u>	<u>\$ 109,821</u>	<u>\$ 16,961,897</u>

**EMERGENCE HEALTH NEWTORK
SCHEDULE OF BOND-INSURANCE COVERAGE
FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)**

Surety Company	Scope of Coverage	Amount
Travelers Casualty and Surety Company of America	Public Employee Dishonesty Blanket September 01, 2023 - September 01, 2024	\$ 1,200,000
Chubb	Professional Liability September 01, 2023 - September 01, 2024	\$ 1,000,000 per claim \$ 3,000,000 aggregate
Tokio Marine Houston Casualty Company	Directors & Officers Liability September 01, 2023 - September 01, 2024	\$ 1,000,000 per claim \$ 1,000,000 aggregate

EMERGENCE HEALTH NETWORK
SCHEDULE OF INSURANCE IN FORCE-GENERAL FUND AND NEW VISTAS,INC. ENTERPRISE FUND
FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)

	Policy Period		Type of Coverage	Limits or Amounts	Premium Cost
	From	To			
Travelers Casualty and Surety Company of America	9/1/2023	9/1/2024	Crime Policy	Limit of Liability \$1,200,000 \$25,000 deductible	\$ 6,229
Tokio Marine Houston Casualty Company	9/1/2023	9/1/2024	Director's & Officers Liability / Errors & Omissions	Limit of Liability Occurrence/ Aggregate \$1,000,000; D&O named as part of Corp. \$10,000 deductible Corporation only \$10,000 deductible Employment practices claims \$35,000 deductible	\$ 70,416
Chubb	9/1/2023	9/1/2024	Fire, EC, VMM, SEC/SEC Including Theft, Fire, EC, Physical Loss, Form VMM	\$ 10,724,262 Building & Contents \$1,000 property/theft deductible	\$ 108,394
Chubb	9/1/2023	9/1/2024	General Liability/Professional Liability	Limits of Liability, General Liability \$1,000,000 CSL and Professional Liability \$1,000,000 per claim and \$3,000,000 annual aggregate \$250,000 (ea) damage to premises rented to us/medical payments \$1,000 deductibles	\$ 136,375
Chubb	9/1/2023	9/1/2024	Comprehensive Automobile Liability	Limit of Liability \$1,000,000 CSL per occurrence and \$1,000 deductible collision / \$500 deductible comprehensive	\$ 155,520
Texas Mutual Insurance Co.	9/1/2023	9/1/2024	Worker's Compensation	Statute \$ 1,000,000 ea accident \$ 1,000,000 Disease - ea employee \$ 1,000,000 Disease - Policy limit	\$ 157,098
Tokio Marine Houston Casualty Company	9/1/2023	9/1/2024	Cyber/Network Security Liability	Limit of Liability \$1,000,000 Aggregate sublimit of liability (Reg defense & penalties) \$1,000,000 Aggregate sublimit (fines, expenses, costs) \$250,000	\$ 55,808
Chubb	9/1/2023	9/1/2024	Inland Marine - Electronic Equipment	\$1,257,983 Electronic Equipment \$40,000 Medical Equipment \$1,000 deductible	\$ 5,855
Chubb/Evanston (Markel) with Allied World Specialty Insurance	9/1/2023	9/1/2024	Commercial	\$1,000,000 each occurrence \$250,000 damage to rented premises (ea occurrence) \$25,000 med exp (any one person) \$1,000,000 personal & adv injury \$3,000,000 general aggregate \$3,000,000 products completed-operations aggregate	\$ 346,040
Chubb	9/1/2023	9/1/2024	Umbrella	\$1,000,000 each occurrence \$1,000,000 general aggregate \$10,000 self-insured retention	\$ 25,000

**EMERGENCE HEALTH NETWORK
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES AND CONTRACTED PROVIDER SERVICES
FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)**

NAME	CITY	TYPE OF SERVICE	TOTAL
ACC General Contractors LLC	El Paso, TX	Contract Agency	7,500.00
Advanced Behavioral Health	El Paso, TX	Therapy Services	2,813.50
Affordable El Paso Family Dental, PLLC	El Paso, TX	Dental Care	2,812.00
Aguilar Gloria	El Paso, TX	Foster Care	18,625.94
Alarcon Maria E	El Paso, TX	Consultant	1,950.00
Alvarado Leonor	El Paso, TX	Foster Care	16,895.48
Alvarez Lilia O.D. P.C.	El Paso, TX	Contract Agency	442.00
Anzures Juan E	El Paso, TX	Physician Psychiatric Services	11,550.00
Arellano Estella	El Paso, TX	Foster Care	7,435.56
Arellano Sandra G	El Paso, TX	Foster Care	17,289.84
Arias Cynthia C	El Paso, TX	Foster Care	2,860.97
Arias Martha	El Paso, TX	Foster Care	19,774.40
Armentariz Hilda	El Paso, TX	Foster Care	17,289.84
Avara Ana A	El Paso, TX	Foster Care	11,066.40
Badillo Armando	El Paso, TX	Foster Care	43,949.28
Benavidez Lourdes	El Paso, TX	Foster Care	17,289.84
Benefit Administrative Systems LLC	Homewood, IL	Consultant	3,055.50
Benitez Aurora	El Paso, TX	Foster Care	18,625.74
Berumen Adriana	El Paso, TX	Foster Care	4,346.08
Blancas Magdalena	El Paso, TX	Foster Care	18,625.74
Blanco Eunice	El Paso, TX	Foster Care	20,283.10
Bruce Gopin DDS MS PLLC	El Paso, TX	Dental Care	2,810.00
Bueno III Enrique	El Paso, TX	Foster Care	5,416.60
Butler Behavioral	El Paso, TX	Jail Psychiatric Services	9,190.00
Calderon Alicia	El Paso, TX	Foster Care	18,958.06
Calderon Francisco J	El Paso, TX	Foster Care	6,365.48
Cardoza de Reyes Martha	El Paso, TX	Foster Care	34,700.46
Care Ronald W DDS Inc	El Paso, TX	Dental Care	4,176.00
Carrasquel Home Remodeling and Roofing	El Paso, TX	Contract Agency	6,250.00
Casa Medical LLC	El Paso, TX	Consultant	488.00
Castro Daniel DDS	El Paso, TX	Dental Care	902.00
Chaparro de Aranda Socorro	El Paso, TX	Foster Care	23,483.22
Chavez Jaime V	El Paso, TX	Foster Care	9,873.03
Clinical Pathology Laboratories INC	Austin, TX	Contract Agency	88.80
Cognitive Behavioral Institute of El Paso	El Paso, TX	Therapy Services	2,100.00
Community Options Inc.	El Paso, TX	Supported Employment	94,190.00
Compadres Therapy Inc.	El Paso, TX	Therapy Services	12,642.08
Concho Valley	Houston, TX	Contract Agency	3,056.08
Crossroads Dental Clinic, PA	El Paso, TX	Dental Care	419.12
De la Cruz Maria I	El Paso, TX	Foster Care	17,289.84
Deegear Pamela W	San Antonio, TX	Consultant	1,312.50
Delcid Ricardo MD PLLC	Houston, TX	Consultant	126,720.00
Dominguez Gloria G	El Paso, TX	Foster Care	25,323.54
Dominguez Martha	El Paso, TX	Therapy Services	2,368.78
Doporto Anna	El Paso, TX	Foster Care	17,048.15
Dr. Sergio Rodarte	El Paso, TX	Physician Psychiatric Services	242,440.00
Duarte Maria del Rocio	El Paso, TX	Foster Care	12,040.55
Dyer Dental Care	El Paso, TX	Dental Care	199.00
Dyer Family Dental	El Paso, TX	Dental Care	390.00
El Paso Behavioral Hospital LLC	El Paso, TX	Adult Mental Health Services	1,032,750.00
El Paso Oral & Facial Surgeons, PLLC	El Paso, TX	Dental Care	1,248.50
El Paso Speech and Language Service Excellence Inc.	El Paso, TX	Therapy Services	9,629.64
Elizondo Elizabeth	El Paso, TX	Foster Care	18,625.74
Enjoy your Life Recreation Therapy LLC	El Paso, TX	Therapy Services	119,435.82
Espinosa Ivonne	El Paso, TX	Consultant	5,675.00
Espinoza Juana Rosa	El Paso, TX	Foster Care	5,347.10
Estrada Michelle	El Paso, TX	Foster Care	19,970.40
Evans Three Bears Consulting	San Antonio, TX	Consultant	49,800.00
Eydoc LLC	Palmyra, PA	Contract Agency	60,947.25
Eyemart Express LLC	El Paso, TX	Contract Agency	1,489.70
Family Services of El Paso	El Paso, TX	Therapy Services	7,102.30
Fernandez Guadalupe	El Paso, TX	Foster Care	17,289.84
Flores Alpha Alicia	El Paso, TX	Foster Care	17,289.84
Flores Amalia	El Paso, TX	Foster Care	37,251.48
Flores Hannah M	El Paso, TX	Foster Care	1,781.00

Flores Marisela	El Paso, TX	Foster Care	18,625.74
Forefront Brandt Medical Services PC	Hamilton, NJ	Telemed Services	128,070.00
Forma Group IIC	El Paso, TX	Contract Agency	47,940.00
Fragoso Maria	El Paso, TX	Foster Care	18,574.85
Gallegos Elida	El Paso, TX	Foster Care	18,625.74
Garay Maria G	El Paso, TX	Foster Care	25,323.54
Garcia Karen	El Paso, TX	Foster Care	18,625.74
Gateway Family Dental	El Paso, TX	Dental Care	16,639.49
Gaytan de Ortiz Rosario	El Paso, TX	Foster Care	18,625.74
Gaytan Maria A	El Paso, TX	Foster Care	18,523.96
Gema Pathways, PLLC	El Paso, TX	Consultant	74,171.00
Genoa Healthcare of Texas LLC	El Paso, TX	Contract Agency	337.50
Girasol Support Services LLC	El Paso, TX	Contract Agency	2,226.50
Gomez Beatriz	El Paso, TX	Foster Care	18,523.96
Gomez Felix	Clint, TX	Foster Care	6,083.91
Gomez Karla D	Clint, TX	Foster Care	18,625.74
Gonzalez Irma	El Paso, TX	Therapy Services	4,422.82
Guerra Maria P	El Paso, TX	Foster Care	18,625.74
Guerra Norma A	El Paso, TX	Foster Care	3,155.18
Gutierrez Francisca	El Paso, TX	Foster Care	17,289.84
Haddad Fred	El Paso, TX	Foster Care	7,102.53
Hanger Inc-Staton	El Paso, TX	Consultant	1,276.24
Harre Jr John C	El Paso, TX	Therapy Services	1,106.00
Hernandez Jannet	El Paso, TX	Foster Care	569.24
Hernandez Mara M.A. LPC	El Paso, TX	Consultant	915.62
Hernandez Wilfred	El Paso, TX	Foster Care	18,422.18
Herrera Sylvia LPC	El Paso, TX	Consultant	8,088.96
Hoguín Linda	El Paso, TX	Foster Care	18,625.74
Homeward Bound Inc	Dallas, TX	Adult Mental Health Services	268,535.77
Inter America Interpreting	El Paso, TX	Interpreting Services	6,480.00
Jimenez Martha M	El Paso, TX	Foster Care	39,880.75
Jimenez Silvia	El Paso, TX	Foster Care	17,289.84
Kasallis Westside Dental PLLC	El Paso, TX	Dental Care	541.00
Kirk Norma	Houston, TX	Foster Care	18,625.74
Language Line Services	El Paso, TX	Interpreting Services	65.14
Ledesma Evangelina	El Paso, TX	Foster Care	17,289.84
Lewis Realty Group, Inc	El Paso, TX	Consultant	15,000.00
Life Tree Pharmacy Services, INC	Collegeville, PA	Consultant	27,000.00
Lookung Teodora	El Paso, TX	Foster Care	34,700.46
Lopez Andrea	El Paso, TX	Foster Care	9,075.08
Macias Araceli	El Paso, TX	Foster Care	25,323.54
Maese Norma L	El Paso, TX	Foster Care	18,625.74
Marcel Samuel LPC	El Paso, TX	Therapy Services	14,691.62
Marco Jose	El Paso, TX	Foster Care	18,625.74
Marroquin Angelina	El Paso, TX	Foster Care	37,251.48
Martinez Anastacia	El Paso, TX	Consultant	269.30
Martinez Berta A	El Paso, TX	Foster Care	18,625.74
Martinez Luz E	El Paso, TX	Foster Care	19,874.85
Mejia Irene	El Paso, TX	Foster Care	18,625.74
Mind Forward Health Center	El Paso, TX	Therapy Services	18,266.88
Molina Carmen	El Paso, TX	Therapy Services	1,464.44
Morales Maria L	El Paso, TX	Foster Care	18,625.74
Moreno Ruben LCSW, PC	El Paso, TX	Therapy Services	484.74
Motivo Consulting, INC.	Richmond, VA	Consultant	21,743.52
MST Services	Charlotte, NC	Contract Agency	950.00
Najera Yesica	El Paso, TX	Foster Care	19,906.80
NAMI El Paso	El Paso, TX	Consultant	2,500.00
Oasis Dental	El Paso, TX	Dental Care	33,166.75
Omni Endodontics PLLC	El Paso, TX	Dental Care	150.00
Open Minds	Gettysburg, PA	Consultant	123,333.50
Ordaz Alma	El Paso, TX	Foster Care	3,166.08
Osorio Maria del Carmen	El Paso, TX	Foster Care	18,625.74
Paez Rios Maria A	El Paso, TX	Therapy Services	9,168.44
Paloma Wellness & Rehabilitation PLLC	El Paso, TX	Therapy Services	900.00
Pena Lourdes	El Paso, TX	Foster Care	25,323.54
Perez Manuela	El Paso, TX	Foster Care	35,915.58
Permian Basin Community Centers	Houston, TX	Contract Agency	3,760.01
Pineda Nieto Lidia E	El Paso, TX	Foster Care	21,772.40
Pinon Sandra	El Paso, TX	Foster Care	34,700.46
Proactive Motion Therapy LLC	El Paso, TX	Therapy Services	35,502.11
Quintana Ampora	El Paso, TX	Foster Care	18,625.74

Ramirez Emilio C	El Paso, TX	Foster Care	17,289.84
Ramirez Rafael	El Paso, TX	Foster Care	17,289.84
Ray Lisa J	El Paso, TX	Foster Care	14,360.96
Redd Road Family Dental	El Paso, TX	Dental Care	666.00
Region 19 Education Service Center	El Paso, TX	Consultant	7,559.78
Reynolds John W DDS	Houston, TX	Dental Care	25,323.54
Rivera Cynthia D	El Paso, TX	Physician Psychiatric Services	13,640.00
Rivera Maria	El Paso, TX	Foster Care	17,289.84
Roberto Rodriguez Jr	El Paso, TX	Foster Care	25,323.54
Rodriguez Amira Cettally	El Paso, TX	Foster Care	8,160.88
Rodriguez Angel M	El Paso, TX	Consultant	162,568.75
Rodriguez Robles Susana	El Paso, TX	Foster Care	34,700.46
Rodriguez Rosa I	El Paso, TX	Foster Care	32,804.26
Rodriguez Ted	El Paso, TX	Foster Care	12,905.08
Roman Elsa Margarita LPC	Hidalgo, TX	Consultant	2,000.00
Rosales Laura M	El Paso, TX	Dietitian Services	383.75
Rowayda Haddad	El Paso, TX	Foster Care	18,625.74
Salas Norma	El Paso, TX	Foster Care	17,289.84
Samaniego Armandina	El Paso, TX	Foster Care	34,700.46
Sanchez Alfredo	El Paso, TX	Foster Care	15,855.48
Sanchez Sergio F	El Paso, TX	Foster Care	18,625.44
Sandoval Luz M	El Paso, TX	Foster Care	25,323.54
Saucedo Guadalupe	Houston, TX	Foster Care	25,323.54
Scot Properties LTD	El Paso, TX	Contract Agency	616.23
Serrano Gloria	El Paso, TX	Foster Care	21,666.48
Sierra Alejandra A	El Paso, TX	Foster Care	1,780.80
Silva Debbie	El Paso, TX	Foster Care	18,625.74
Simpson Geoffrey W	El Paso, TX	Foster Care	17,337.08
Soto & Soto Dental Prtnrs PLLC	El Paso, TX	Dental Care	5,109.93
Soto Martha	El Paso, TX	Foster Care	18,625.74
SRN Speech Therapy PC	El Paso, TX	Therapy Services	57,359.20
Stedt Irma H	El Paso, TX	Foster Care	18,625.59
Stevenson Dental Clinic	El Paso, TX	Dental Care	735.00
Sun City Optical	El Paso, TX	Consultant	467.00
Terry Maria S	El Paso, TX	Foster Care	33,803.35
Texas Council of Community Centers	Austin, TX	Consultant	35,000.00
Texas Tech Univ. Health Sciences Center	El Paso, TX	Physician Psychiatric Services	22,875.00
Torres Alberto	El Paso, TX	Foster Care	22,279.18
Trawood Family Dental	El Paso, TX	Dental Care	8,360.20
University Behavioral Health	Denton, TX	Adult Mental Health Services	1,869,763.23
University of Colorado	Aurora, CO	Consultant	24,149.94
Vasquez Martha P	Houston, TX	Foster Care	25,323.54
Vital Personal Assistant Services LLC	El Paso, TX	Consultant	39,150.60
Viva Transcription Corporation	Los Angeles, CA	Consultant	886.14
West Texas Centers	El Paso, TX	Consultant	3,776.14
West Texas Therapeutic Services	El Paso, TX	Consultant	87,258.04
Zambrano Raquel	El Paso, TX	Foster Care	18,625.74
Zapata Maria Elena	El Paso, TX	Foster Care	18,625.74
Zmark Health LLC	Palmyra, PA	Consultant	252,421.22
			7,145,206.66

**EMERGENCE HEALTH NEWTORK
 SCHEDULE OF PROFESSIONAL LEGAL AND AUDIT FEES
 FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)**

NAME	CITY	TYPE	TOTAL
GENERAL FUND:			
County of El Paso	El Paso, TX	79901	Legal \$ 391,565
Beasley, Mitchell & Co.	Las Cruces, NM	88004	Audit 55,676
Other	El Paso, TX		Legal 60,256
			<u>\$ 507,496</u>

EMERGENCE HEALTH NETWORK

**INDIRECT AND ADMINISTRATIVE COST SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)**

	Total Costs	Non-Allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Salaries	\$ 30,353,828	\$ -	\$ -	\$ 30,353,828		
Employee Benefits	7,981,339	-	-	7,981,339		
Capital Outlay	860,248	(860,248)		-		
Depreciation	-		1,301,033	1,301,033		
Other Operating Expenditures	30,810,171	-	-	30,810,171		
General And Administration & Authority Administration		-		-		\$ 11,279,990
Total Direct Costs	-				\$ 59,166,382	
Total Expenditures	<u>\$ 70,005,586</u>	<u>\$ (860,248)</u>	<u>\$ 1,301,033</u>	<u>\$ 70,446,371</u>	<u>\$ 59,166,382</u>	<u>\$ 11,279,990</u>
Indirect Costs						\$ 11,279,990
Direct Costs						\$ 59,166,382
Indirect Cost Rate						19.06%