

**JACKSON COUNTY COMMUNITY MENTAL
HEALTH FUND**

BASIC FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

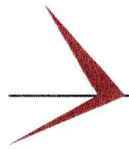
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Jackson County Community Mental Health Fund
Kansas City, Missouri

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Organization'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 modified cash basis financial position of the governmental activities of the Jackson County Community Mental Health Fund as of December 31, 2024 and 2023, and the changes in modified cash basis financial position for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

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 Organization, 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 opinion.

Emphasis of Matter-Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter-Basis of Presentation

As discussed in Note 2, the financial statements present only the governmental activities and do not purport to, and do not present fairly the financial position of the Organization's general fund, as of December 31, 2024 and 2023, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 opinion. 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 and *Government 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 and *Government 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 Organization'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 Organization'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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, the schedules of cash flows, and the schedules of provider allocations but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 materially misstated. If, based on the work performed, we conclude that an uncorrected material 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 July 29, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

Marr and Company, P.C.
Certified Public Accountants

A handwritten signature in black ink that reads "Marr and Company". The script is cursive and fluid, with the first letters of "Marr" and "Company" being capitalized and prominent.

Kansas City, Missouri
July 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is a supplement required by the Governmental Accounting Standards Board (GASB). It is a summary, and to gain a thorough understanding of the Jackson County Community Mental Health Fund's (Organization) finances, the audited financial statements and notes should be read in conjunction with this summary. The audited 2024 financial statements were reviewed by staff, the Finance and Internal Committee, and the Board of Trustees (Board). A Certified Public Accountant prepares monthly statements and there is no delay in addressing questions or issues. The opinion in the attached audit is unmodified.

Organization

The Organization is a political subdivision created pursuant to RSMo 205.975-990 for the purpose of providing funds from the Jackson County, Missouri mental health tax levy to supplement existing funds for the operation of community mental health centers, mental health clinics and other mental health services. Contracts are awarded to non-profit organizations with the capacity to deliver and manage mental health services according to statutory and Organization requirements. Operations are overseen by the Board of Trustees appointed by the County Executive and County Legislature.

Financial Analysis

The Organization's maximum levy rate of thirteen and three tenths (13.3) cents per one hundred dollars assessed valuation was approved by voters in 1991. That rate is reduced by the Hancock Amendment to the Missouri Constitution. Levy rates are calculated each year by the Jackson County Department of Finance and Purchasing and approved by the Jackson County Legislature. The Organization's tax levy rates for the years ended December 31, 2024 and 2023 were 9.53 and 11.13 cents, respectively, per \$100 of assessed valuation.

The table below compares all sources of revenue for 2024 and 2023. Current tax collections are the largest source of revenue for both years. Differences in other revenue sources reflect the trend of increased property valuation. Longer-term investments and more favorable interest rates yielded higher investment earnings in 2024.

Revenue Sources	2024		2023	
Current tax collections	14,705,029	83%	14,288,739	87%
Delinquent tax collections	353,272	2%	307,805	2%
Delinquent tax late fees	169,245	1%	149,166	1%
Other collections	1,641,692	5%	1,347,826	8%
Investment earnings	912,392	9%	393,773	2%
Miscellaneous income	8,107	<1%	198	<1%
Total revenues	17,789,737	100%	16,487,507	100%

Allocations represent spending by the Organization for its program funding related to the direct provision of mental health services through health care contracts to non-profit organizations (Provider Allocations). Allocations include certain discretionary items for provider agency operations. Allocations also include administrative expenses of the Organization such as personnel, professional fees for legal counsel and accounting, and other operating expenses such as office space, insurance, and technology costs. The table of allocations below lists funding programs, followed by administrative expenses.

Allocations	2024		2023	
Safety net	5,541,360	35%	3,675,023	30%
Children and Families	4,797,484	30%	4,352,851	36%
Domestic and sexual violence	1,148,300	7%	934,956	8%
Pilot Programs	286,000	2%	150,000	1%
Special Populations	754,233	5%	669,703	5%
Discretionary Projects	142,143	1%	222,287	2%
Prior Year Performance Bonus	1,230,443	8%	630,586	5%
Prior Year Allocations	376,411	2%	117,283	1%
Board designated	407,972	3%	356,986	3%
Administrative expenses	1,385,479	9%	1,095,737	9%
Total	16,069,825	100%	12,205,412	100%

Most allocations increased from 2023 to 2024. This is due to several factors, most notably increased utilization of funds. Higher spending by provider agencies resulted in fewer deductions of unspent prior year funds from current-year contract amounts (the Organization's contracts do not permit carryover of unspent funds). Higher utilization also led to several requests for increased funding. Overall, the trend of higher utilization of funds after the Covid-19 Pandemic is viewed positively by the organization. The large increase in performance bonuses reflects continued program development, in which a third cohort of agencies moved from training to implementation.

Administrative expenses are budgeted as an allocation within the Organization's financial planning. The major sources of administrative cost increases in 2024 were an anticipated new staff position, employee cost-of-living adjustments and anticipated health insurance costs. Other increases included leasehold improvements and technology costs.

OVERVIEW OF THE FINANCIAL STATEMENTS PRESENTATION

The major parts of the basic financial statements are: 1) Statements of Net Position - Modified Cash 2) Statements of Activities - Modified Cash, and 3) Notes to the Basic Financial Statements. This report also contains Other Information in addition to the basic financial statements.

The Statement of Net Position reports information about the Organization's financial status as of December 31, 2024 and 2023. The statement helps to demonstrate how the Organization's assets and liabilities changed due to the year's operating activities. This financial statement includes all assets and liabilities using a modified cash basis of accounting.

The Statement of Activities presents all Organization revenues, allocations and administrative expenses for the fiscal years ended December 31, 2024 and 2023. The differences between revenue and expenditures during the year represent the changes in net position. Over time, increases and decreases in net position measure the Organization's financial position. Changes in net position are reported on a modified cash basis of accounting.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. They provide important details such as information about the management of assets and the Organization's administration.

The Other Information section provides additional data regarding cash flows and schedules of provider allocation expenditures for the years ended December 31, 2024 and 2023.

GOVERNMENT-WIDE STATEMENTS

Government-Wide Statements are a requirement of the Governmental Accounting Standards Board (GASB). The Organization is a separate political subdivision, and not a unit of the Jackson County, Missouri government. For information on Jackson County, Missouri's financial position, please contact the Department of Finance and Purchasing at 816-881-3126.

CONTACTING THE ORGANIZATION

This financial report is designed to provide Jackson County, Missouri citizens with a general overview of the Organization's finances, and to demonstrate the Organization's accountability for the money it receives and disburses. If you have any questions about this report, please contact Bruce A. Eddy PhD, Executive Director.

Community Mental Health Fund
1627 Main Street Suite 500, Kansas City Missouri 64108
Telephone: 816.842.7055 ext. 5
jacksoncountycare.org

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
STATEMENTS OF NET POSITION - MODIFIED CASH
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 10,327,659	\$ 9,142,244
Certificates of Deposit	11,669,166	11,702,586
Security Deposits and Other	3,750	3,750
Capital Assets, Net	-	28,285
Total Assets	<u>\$ 22,000,575</u>	<u>\$ 20,876,865</u>
LIABILITIES		
Other Liabilities	<u>\$ 6,561</u>	<u>\$ 3,421</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-Property Taxes	<u>7,649,011</u>	<u>8,248,353</u>
NET POSITION		
Net Investment In Capital Assets	-	28,285
Restricted Net Position	<u>14,345,003</u>	<u>12,596,806</u>
Total Net Position	<u>14,345,003</u>	<u>12,625,091</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 22,000,575</u>	<u>\$ 20,876,865</u>

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
STATEMENTS OF ACTIVITIES - MODIFIED CASH
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
REVENUES		
Current Tax Collections	\$ 14,705,029	\$ 14,288,739
Delinquent Tax Collections	353,272	307,805
Delinquent Tax Collections - Late Fees	169,245	149,166
Other Collections	1,641,692	1,347,826
Total Tax Collections	<u>16,869,238</u>	<u>16,093,536</u>
Interest Income - Investments	912,392	393,773
Miscellaneous Income	8,107	198
Total Revenues	<u>17,789,737</u>	<u>16,487,507</u>
PROVIDER ALLOCATIONS		
Safety Net	5,541,360	3,675,023
Children and Families	4,797,484	4,352,851
Domestic and Sexual Violence	1,148,300	934,956
Pilot Projects	286,000	150,000
Special Populations	754,233	669,703
Discretionary Projects	142,143	222,287
Prior Year Performance Bonus	1,230,443	630,586
Prior Year Allocations	376,411	117,283
Total Provider Allocations	<u>14,276,374</u>	<u>10,752,689</u>
BOARD DESIGNATED ALLOCATIONS		
Technical Support and Evaluation	136,000	135,800
Special Initiatives	226,972	221,186
Emergency Distributions	45,000	-
Disaster Response	-	-
Total Board Designated Allocations	<u>407,972</u>	<u>356,986</u>
ADMINISTRATIVE EXPENSES		
Personnel Costs	680,921	622,799
Employee Benefits	120,767	128,433
Insurance	6,327	11,566
Office/Administrative Expense	131,161	119,249
Professional Fees	117,621	83,766
Staff/Board Meeting and Development	29,925	29,519
Technology Costs	145,073	90,566
Transportation	-	7,144
Capital Expenditures	125,399	-
Capital Assets Written-off	28,285	-
Depreciation	-	2,695
Total Administrative Expenses	<u>1,385,479</u>	<u>1,095,737</u>
Total Expenses	<u>16,069,825</u>	<u>12,205,412</u>
Change In Net Position	1,719,912	4,282,095
NET POSITION, BEGINNING OF YEAR	<u>12,625,091</u>	<u>8,342,996</u>
NET POSITION, END OF YEAR	<u><u>\$ 14,345,003</u></u>	<u><u>\$ 12,625,091</u></u>

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 – ORGANIZATION

Jackson County Community Mental Health Fund (the Organization) is a Missouri political subdivision managed by their Board of Trustees. The Organization was created pursuant to State Statutes, sections RSMo 205.975 – 205.990, for the purpose of providing funds from the Jackson County, Missouri (County) tax levy to supplement existing funds for the operation and maintenance of community mental health centers, mental health clinics and other comprehensive mental health services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Policy

During 2024, the Organization implemented a change in accounting policy related to the treatment of capital assets. In prior years, capital assets were capitalized and depreciated over their estimated useful lives in accordance with the Organization's capitalization policy. Beginning in 2024, the Organization elected to expense all capital asset purchases at the time of acquisition.

This change was made due to the minimal nature of the Organization's capital asset holdings and the resulting cost-benefit considerations with tracking and depreciating such assets. Management believes this approach more accurately reflects the financial position and operating activities of the Organization.

As a result of this change, all previously reported capital assets have been removed from the Statement of Net Position, resulting in a non-recurring charge of \$28,285, which is reflected in the Statement of Activities for the year ended December 31, 2024. The change has been applied prospectively, and prior periods have not been restated.

Capital Assets

Previous capital asset purchases are reflected at cost in the 2023 financial statements and were being depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Software	3
Office equipment	5-10

Basis of Presentation

The Organization's basic financial statements report only the government-wide financial statements of the Organization and do not include fund financial statements. Management has determined that government-wide financial statements meet the needs of the financial statement users and that the addition of fund statements is not necessary.

The statements of net position and the statements of activities display information about the Organization as a whole which is financed primarily through property taxes. The government-wide statements of activities present a comparison between revenues and expenses of the Organization with a focus on the sustainability of the Organization as an entity and the change in the Organization's net position resulting from the current year's activities.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Measurement Focus and Basis of Accounting

The Organization's financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows of resources, net position, revenues and expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Organization reports property taxes that have been received but are levied for use in the subsequent year as deferred inflows of resources.

Net Position Classifications

Net position is classified into the following three components:

Net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets (2023 only).

Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Organization first utilizes restricted resources to finance qualifying activities.

Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Cash Equivalents

The Organization considers investment instruments purchased with original maturities of 90 days or less to be cash equivalents.

Use of Estimates

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

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Operating Lease.

Management has assessed the requirements, potential effects, and relevance of GASB Statement No 87, Leases, regarding the recognition of a “right-of-use asset” and lease liability on the Statement of Net Position. Based on this evaluation, management has determined that the adoption of this pronouncement would not provide significant benefits nor improve the relevance and reliability of the Organization’s financial statements. Management will annually evaluate statement’s effects on financial reporting if it has lease arrangements. The Organization reports its lease activities under the former guidance (see Note 8).

NOTE 3 – ECONOMIC DEPENDENCY

The Organization received substantially all of its revenue from property tax remittances from the County (see Note 5). If a significant reduction in the level of revenue from property taxes were to occur, it could have an adverse effect on the Organization’s ability to provide funding to agencies providing mental health services.

The Organization’s operations are concentrated in Jackson County, Missouri. Future operations could be affected by changes in economic or other conditions in the geographic area.

NOTE 4 – CONCENTRATION OF CREDIT RISK

The Organization maintains deposits at Blue Ridge Bank and Trust Company (the Bank) that often exceed \$250,000, the Federal Deposit Insurance Corporation’s (FDIC) maximum insured amount. The Organization’s deposits in excess of this FDIC insurance are covered by depository securities pledged by the Bank. The Organization has not experienced any loss on the amounts it maintains at the Bank.

NOTE 5 – TAX COLLECTIONS (REVENUE)

Property taxes are levied on November 1 and are payable on December 31. Delinquent property taxes become an enforceable lien on property each year as of January 1. The County collects the property tax and remits it to the Organization.

Assessed values are established by the Jackson County Assessor subject to review by the County’s Board of Equalization and State Tax Commission. The assessed value for real property, including railroad and utility properties, located in the County as of January 1, 2023, on which the fiscal 2024 levy was based was \$17,584,339,191. The assessed value for real property, including railroad and utility properties, located in the County as of January 1, 2022, on which the fiscal 2023 levy was based, was \$14,140,886,042.

The Organization’s levy rates for the years ended December 31, 2024 and 2023 were 9.53 and 11.13 cents, respectively, per \$100 of assessed valuation for the operation and maintenance of community mental health centers, mental health clinics and other comprehensive mental health services.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 6 – BANKING ARRANGEMENT

The Organization maintains several bank accounts, two of which from time to time have negative balances reported on monthly financial reports. These accounts are never overdrawn. Rather, these accounts operate in a manner that at the close of “posting transactions” each day, sufficient funds are transferred to or excess funds are transferred from these accounts to maintain their daily minimum balances at \$50,000. Any amount reported on the financial statements that is different from the daily minimum balance is due to transactions being recorded on the books that have not been presented to the bank.

NOTE 7 – CERTIFICATES OF DEPOSIT

At December 31, 2024, the Organization owned the following Certificates of Deposit issued by the Bank which are stated at cost:

<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>
January 22, 2024	January 18, 2025	\$ 5,212,689	4.50%
July 17, 2024	January 18, 2025	2,366,231	4.50%
December 28, 2024	June 28, 2025	<u>4,090,246</u>	3.96%
		<u>\$11,669,166</u>	

At December 31, 2023, the Organization owned the following Certificates of Deposit issued by the Bank which are stated at cost:

<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>
May 12, 2023	January 12, 2024	\$2,019,210	4.06%
November 15, 2023	January 15, 2024	89,829	1.00%
October 18, 2023	January 15, 2024	5,162,224	4.00%
January 18, 2023	January 18, 2024	2,203,412	3.75%
January 18, 2023	July 18, 2024	<u>2,227,911</u>	4.05%
		<u>\$11,702,586</u>	

NOTE 8 – OPERATING LEASE

The Organization has a lease agreement for administrative office space which was initially effective July 16, 2012 through July 31, 2023, with a current base rent rate of \$4,000 per month. On May 24, 2023 the lease was amended effective for the period August 1, 2023 through July 31, 2028 with a base rate of \$6,750 which increases 2% each August 1st beginning August 1, 2024. The lease also requires the payment of any increase in operating expenses over “base period operating expenses” based on 7.02% of the building’s rentable space.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

The future minimum lease payments under this lease are:

2025	\$83,309
2026	84,975
2027	86,674
2028	51,145

Rent expense was \$81,808 and \$91,794 for the years ended December 31, 2024 and 2023, respectively.

NOTE 9 – RETIREMENT PLAN

The Organization provides a 403(b) retirement plan under which full-time employees who have completed one year of service are eligible to participate. Eligible employees may elect to defer a percentage of their wages, subject to statutory limitations. The Organization will match 100% of employee contributions up to 5% of employee wages. The employer contribution expense was \$26,597 and \$27,292 in 2024 and 2023, respectively.

NOTE 10 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; loss of and damage to property; errors and omissions; and injuries to employees. The Organization purchases commercial insurance coverage for these risks. No significant reductions in insurance coverage occurred during the year, and there have been no settlements during any of the past three years.

NOTE 11 – TAX ABATEMENTS

The Organization is subject to property tax diversion and abatement through various programs implemented by municipalities within Jackson County, Missouri. The programs include Tax Increment Financing, Chapter 99, Chapter 100, Chapter 353, and Enhanced Enterprise Zone. The proliferation of these programs by municipalities in Jackson County have a major impact on Organization revenue. The chart below presents statutory authority, scope of the program, financial impact of each incentive program on the Organization, and the aggregate impact, for the years ended December 31, 2024 and 2023.

Incentive Program	Scope	Financial Impact 2024	Financial Impact 2023
Tax Increment Financing (TIF) RSMo 99.800	Municipalities establish an authority to approve the capture of up to 100% of the incremental increase in property taxes above the property taxes generated by the property prior to redevelopment, called payments in lieu of taxes (PILOTs). Tax is diverted to the project rather than being abated.	\$579,222	\$693,803

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Chapter 99 RSMo 99.300	Municipalities establish a Land Clearance for Redevelopment Authority to approve redevelopment plans for blighted areas. The Authority can utilize the power of eminent domain to acquire property, assist relocation, construct public improvement, or abate taxes on improvements for up to twenty-five years.	70,907	55,948
Chapter 100 RSMo 100.010	Municipalities issue Industrial Development Bonds, which are revenue bonds used to finance projects for private corporations, partnerships or individual companies. Because title to the property is held in the name of the government during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. Standard abatement is up to 50% of the property tax for ten (10) years.	244,483	232,111
Chapter 353 RSMo 353.030	Municipalities form a for-profit Urban Redevelopment Corporation to redevelop blighted areas by abating some or all of the property taxes for up to twenty-five years. Tax abatement may also be extended to adjacent property when it is necessary for redevelopment.	430,265	381,276
Enhanced Enterprise Zones (EEZ) RSMo 135.950	Geographic areas are designated by local governments and certified by the Missouri Department of Economic Development. EEZ is a discretionary program that offers state tax credits, accompanied by local real property tax abatement, to encourage job creation in a blighted area. Tax credits may be provided each year for up to five tax years after the project commences operations.	66,887	41,931
Multi- Abatement	Certain properties have been classified as Multi-Abatement in which more than one abatement applies.	148,617	148,288
Total Financial Impact		\$1,540,381	\$1,553,357

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 – DATE OF MANAGEMENT’S REVIEW

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through July 29, 2025. No significant matters were identified for disclosure during this evaluation.

OTHER INFORMATION

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

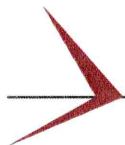
	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change In Net Position	\$ 1,719,912	\$ 4,282,095
Adjustments to Reconcile Change In Net Position		
To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	-	2,695
Capital Assets Written-off	28,285	-
Changes In Operating Assets, Liabilities, and		
Deferred Inflows Of Resources:		
(Increase)/Decrease in Security Deposits and Other	-	-
Increase/(Decrease) in Other Liabilities	3,140	3,421
Increase/(Decrease) in Unavailable Revenue	(599,342)	446,958
Net Cash Provided By (Used In) Operating Activities	<u>1,151,995</u>	<u>4,735,169</u>
Cash Flows From Investing Activities		
Purchase of Capital Assets	-	(25,258)
Purchase of Certificates of Deposit	(4,399,848)	(35,861,451)
Maturity of Certificates of Deposit	4,433,268	28,572,099
Net Cash Provided By (Used In) Investing Activities	<u>33,420</u>	<u>(7,314,610)</u>
Increase (Decrease) In Cash	1,185,415	(2,579,441)
Cash, Beginning Of Year	9,142,244	11,721,685
Cash, End Of Year	<u><u>\$ 10,327,659</u></u>	<u><u>\$ 9,142,244</u></u>

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
SAFETY NET		
Comprehensive Mental Health Services/Burrell	\$ 1,200,000	\$ 612,757
Family Conservancy	76,711	104,833
Jewish Family Services	109,985	54,207
KC Care Clinic - Ryan White	66,210	41,010
Mattie Rhodes Center	236,020	239,275
Rediscover, Inc.	1,376,400	1,228,135
Restart	399,750	166,100
Samuel Rodgers	130,550	120,603
Swope Health Services	812,304	557,621
University Health (TMC)	1,133,430	550,482
	<u>5,541,360</u>	<u>3,675,023</u>
CHILDREN AND FAMILIES		
Child Abuse Prevention Association (CAPA)	310,100	249,450
Child Advocacy Services Center (The Children's Place)	292,650	274,907
Cornerstones of Care	1,538,750	1,478,275
Crittenton Children's Center	567,434	499,128
FosterAdopt Connect	439,000	208,391
KVC Niles	650,000	597,600
Operation Breakthrough	191,600	200,900
Sheffield Place	309,200	309,200
Steppingstone	498,750	535,000
	<u>4,797,484</u>	<u>4,352,851</u>
DOMESTIC AND SEXUAL VIOLENCE		
Hope House	302,000	220,927
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	319,000	255,600
Newhouse	209,300	156,429
Rose Brooks Center	318,000	302,000
	<u>1,148,300</u>	<u>934,956</u>
PILOT PROJECTS		
Child Protection Center	101,000	50,000
De La Salle	100,000	50,000
Sisters in Christ	25,000	-
Youth Ambassadors	60,000	50,000
	<u>286,000</u>	<u>150,000</u>
SPECIAL POPULATIONS		
Benilde Hall	138,727	174,277
Budget and Financial Management Assistance (BFMA)	120,500	120,500
Jewish Vocational Services	159,406	100,326
Reconciliation Services	265,300	204,300
ReDiscover	70,300	70,300
	<u>754,233</u>	<u>669,703</u>

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
DISCRETIONARY PROJECTS		
Child Abuse Prevention Association (CAPA)	\$ 37,900	\$ 46,920
Cornerstones of Care	6,995	-
Culture Journey	7,950	4,200
Evaluation - J. Brook	-	40,967
Lead to Read	12,450	-
KVC Niles	-	49,000
Mattie Rhodes	20,000	3,000
MetroCouncil	-	4,000
Newhouse	-	22,500
Operation Breakthrough	3,898	-
Rose Brooks Center	52,950	-
Samuel Rodgers	-	50,000
Steppingstone	-	1,700
	<u>142,143</u>	<u>222,287</u>
PRIOR YEAR PERFORMANCE BONUS		
Benilde Hall	9,482	-
Child Abuse Prevention Association (CAPA)	23,594	18,958
Child Advocacy Services Center (The Children's Place)	42,942	16,586
Comprehensive Mental Health Services/Burrell	90,348	63,244
Cornerstones of Care	160,586	118,254
Crittenton	65,444	32,686
Family Conservancy	7,626	7,120
Foster Adopt Connect	77,090	10,771
Hope House	48,933	21,336
Jewish Family Services	18,598	6,562
Jewish Vocational	3,491	-
KC Care Clinic - Ryan White	5,502	-
KVC Niles	44,621	-
Mattie Rhodes	17,966	18,942
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	15,954	-
Newhouse	26,700	11,889
Operation Breakthrough	16,072	-
Reconciliation Services	15,735	-
ReDiscover	169,691	98,251
ReStart	13,469	9,895
Rose Brooks Center	65,265	21,957
Samuel Rodgers	9,477	-
Sheffield Place	56,285	24,735
Steppingstone	52,254	42,800
Swope Health Services	91,744	54,794
University Health (TMC)	81,574	51,806
	<u>1,230,443</u>	<u>630,586</u>
PRIOR YEAR ALLOCATION DISBURSED IN CURRENT YEAR	<u>376,411</u>	<u>117,283</u>
TOTAL PROVIDER ALLOCATIONS	<u>\$ 14,276,374</u>	<u>\$ 10,752,689</u>



**Independent Auditor's Report on
Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

The Board of Trustees
Jackson County Community Mental Health Fund
Kansas City, Missouri

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 modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated July 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

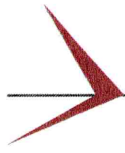
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maw and Company

July 29, 2025



MARR AND COMPANY, P.C.

Certified Public Accountants



Employee Benefit Plan Audit
Quality Center Member

Government Audit
Quality Center Member

July 29, 2025

The Board of Trustees
Jackson County Community Mental Health Fund
Kansas City, Missouri

We have audited the modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization) for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 15, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. As described in Note 2 to the financial statements, the Organization changed its accounting policy to no longer recognize capital assets and the related depreciation. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period under the modified cash basis of accounting.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

In your case, management assesses the Organization's potential liability for pending and threatened litigation. We evaluated the methods, assumptions, and data used to develop the estimates in determining they were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has recorded all such adjustments. The material adjustments detected as a result of audit procedures and corrected by management were to reclassify \$95,429 of protested taxes recorded in current tax collections, and various provided payment reclassifications. A copy of the adjusting entries is attached.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 29, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Matters Discussed with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were not engaged to report on the management's discussion and analysis, the schedules of cash flows, and the schedules of provider allocations, which accompany the financial statements but are not required supplementary information. Such information has 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 it.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

Maw and Company

Jackson County Community Mental Health Fund (CMHF)

Year End: December 31, 2024

Adjusting journal entries

Number	Date	Name	Account No	Debit	Credit
1	12/31/2024	TMC/University Health	5030	283,357.50	
1	12/31/2024	Mattie Rhodes	5040		-20,000.00
1	12/31/2024	Operation Breakthrough	5550		-3,898.00
1	12/31/2024	University Health - Emergency Funds	6007		-283,357.50
1	12/31/2024	Mattie Rhodes	7425	20,000.00	
1	12/31/2024	Operation Breakthrough	9999X	3,898.00	
Revise coding of provider payments.					
2	12/31/2024	Tax Collections	4000	95,388.09	
2	12/31/2024	Income:Protest	4090		-95,429.02
2	12/31/2024	Delinquent Tax	4910	40.93	
Recode protested tax distributions.					

July 29, 2025

Marr and Company, P.C.
1401 East 104th Street, Suite 100
Kansas City MO 64131

This representation letter is provided in connection with your audits of the financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of activities for the years then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of July 29, 2025, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 15, 2024, including our responsibility for the preparation and fair presentation of the financial statements in conformity with the modified cash basis of accounting.
2. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting and include all properly classified funds in the governmental activities and other financial information of the Organization required to be included in the financial reporting entity, and there are no component units or other related organizations.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with the modified cash basis of accounting.

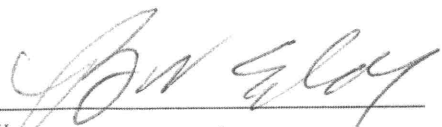
6. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
7. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. Material concentrations have been appropriately disclosed.
10. There are no guarantees, whether written or oral, under which the Organization is contingently liable that are required to be recorded or disclosed.
11. There are no known related-party relationships or transactions that need to be accounted for or disclosed in accordance with the modified cash basis of accounting.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, (including information obtained from outside of the general and subsidiary ledgers) documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the board of trustees and related committees, or summaries of actions of recent meetings for which minutes were not yet prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
7. We have disclosed to you the names of the Organization's related parties.
8. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows of resources and net position.
10. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax limits, and we have complied with all aspects of contractual agreements that would have a material effect on the financial statement amounts in the event of noncompliance.
12. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving or amending budgets), provisions of contract and grant agreements, and tax limits whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
13. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

14. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, other than as disclosed in the financial statements.
15. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
16. Deposits and investment securities are properly classified as to risk and disclosed.
17. Capital assets are properly capitalized, reported, and if applicable, depreciated.
18. We have appropriately disclosed the Organization's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
19. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
20. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
21. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, allocations have been made on a reasonable basis, and revenues are appropriately classified in the statement of activities within program and general revenues.
22. Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the gross amount and specific taxes abated, and any additional commitments.
23. With respect to the schedules of cash flows and provider allocations (other information), we acknowledge that we have informed you of all documents that may comprise other information we expect to issue. The financial statements and other information you obtained prior to the auditor's report date are consistent with one another, and the other information does not contain any material misstatements.


By Bruce A. Kaddy, PhD
Executive Director
Title