

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

FINANCIAL STATEMENTS

For the years ended
September 30, 2022 and 2021

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	5
Statements of Activities.....	6
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

Federal Financial Assistance Programs Supplemental Information Issued Under Separate Cover

INDEPENDENT AUDITOR'S REPORT

March 29, 2023

To the Board of Directors
West Michigan Partnership for Children
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of West Michigan Partnership for Children (a non-profit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of West Michigan Partnership for Children as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 West Michigan Partnership for Children and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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; and 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.

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 West Michigan Partnership for Children's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 West Michigan Partnership for Children'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 West Michigan Partnership for Children'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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our reported dated March 29, 2023, on our consideration of West Michigan Partnership for Children’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 West Michigan Partnership for Children’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering West Michigan Partnership for Children’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants
Grand Rapids, Michigan

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

September 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 21,267,929	\$ 9,568,108
Restricted cash and cash equivalents for risk reserve	1,500,000	1,500,000
Restricted cash and cash equivalents for reinvestment pool	1,500,000	1,500,000
Grants receivable	62,812	114,248
Prepaid expenses	55,974	41,422
Total Assets	<u>\$ 24,386,715</u>	<u>\$ 12,723,778</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 1,125,949	\$ 1,059,706
Accrued liabilities:		
Accrued compensation	47,113	-
Foster care services	129,901	104,828
Other	181,100	3,182
Short term debt - MDHHS capitated allocation overpayment	2,508,209	-
Short term debt - MDHHS capitated allocation surplus	10,408,065	-
Total Liabilities	14,400,337	1,167,716

Net Assets

Without donor restrictions	6,986,378	8,556,062
With donor restrictions	3,000,000	3,000,000
Total Net Assets	<u>9,986,378</u>	<u>11,556,062</u>
Total Liabilities and Net Assets	<u>\$ 24,386,715</u>	<u>\$ 12,723,778</u>

STATEMENTS OF ACTIVITIES

WEST MICHIGAN PARTNERSHIP FOR CHILDREN
For the years ended September 30, 2022 and 2021

	Without Donor Restrictions 2022	Without Donor Restrictions 2021
Grant Revenue and Other		
Grant revenue - capitated allocation payments	\$ 24,201,461	\$ 37,039,865
Grant revenue - administration fees	2,048,278	2,041,898
Grant revenue - other	568,050	789,667
Interest income	71,893	25,631
Contributions of cash and other financial assets	291	7,603
Other	208	-
Total Grant Revenue and Other	26,890,181	39,904,664
Expenses		
Program services:		
Child welfare programs	27,230,555	28,799,284
Supporting services:		
Management and general	1,229,310	609,809
Total Expenses	28,459,865	29,409,093
Change in Net Assets	(1,569,684)	10,495,571
Net Assets, beginning of period	11,556,062	1,060,491
Net Assets, end of period	\$ 9,986,378	\$ 11,556,062

STATEMENTS OF FUNCTIONAL EXPENSES

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the year ended September 30, 2022

	<u>Program Services</u>		<u>Supporting Services</u>	
	<u>Child Welfare Programs</u>		<u>Management and General</u>	<u>Total</u>
Salary and wages	\$ 1,047,272	\$	348,598	\$ 1,395,870
Payroll taxes	79,321		26,403	105,724
Employee benefits	163,040		54,270	217,310
Total Salaries and Related Expenses	1,289,633		429,271	1,718,904
Placement agency foster care payments	10,442,240		-	10,442,240
Foster parent maintenance rate	2,426,101		-	2,426,101
Residential services	5,929,084		-	5,929,084
Treatment and enhanced foster care	3,768,064		-	3,768,064
Adoption	1,106,921		-	1,106,921
Family reunification	505,055		-	505,055
Supportive visitation	199,687		-	199,687
Independent living payments	557,685		-	557,685
Counseling services	102,502		-	102,502
Drug screens	109,095		-	109,095
Parent education	27,451		-	27,451
Case worker training	21,453		-	21,453
Specific case services	506,608		-	506,608
Foster parent recruitment	32,000		-	32,000
Other contracted foster care services	1,769		-	1,769
Occupancy	1,939		645	2,584
Professional services	73,072		257,999	331,071
Telephone and technology	113,913		37,918	151,831
Marketing	3,840		960	4,800
Professional development and travel	12,443		4,142	16,585
Workforce development	-		373,582	373,582
Other operating expenses	-		124,793	124,793
Total Expenses	\$ 27,230,555	\$	1,229,310	\$ 28,459,865

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

For the year ended September 30, 2021

	<u>Program Services</u>		<u>Supporting Services</u>
	<u>Child Welfare Programs</u>	<u>Management and General</u>	<u>Total</u>
Salary and wages	\$ 1,006,207	\$ 315,378	\$ 1,321,585
Payroll taxes	75,077	23,532	98,609
Employee benefits	125,481	39,330	164,811
Total Salaries and Related Expenses	1,206,765	378,240	1,585,005
Placement agency foster care payments	10,585,308	-	10,585,308
Foster parent maintenance rate	2,931,932	-	2,931,932
Residential services	6,651,583	-	6,651,583
Treatment and enhanced foster care	3,132,287	-	3,132,287
Adoption	1,673,116	-	1,673,116
Family reunification	483,806	-	483,806
Supportive visitation	227,165	-	227,165
Independent living payments	618,235	-	618,235
Counseling services	172,385	-	172,385
Drug screens	190,269	-	190,269
Parent education	87,862	-	87,862
Case worker training	13,541	-	13,541
Specific case services	430,531	-	430,531
Foster parent recruitment	28,995	-	28,995
Other contracted foster care services	11,903	-	11,903
Occupancy	47,117	14,768	61,885
Professional services	44,491	136,495	180,986
Telephone and technology	184,355	57,783	242,138
Marketing	28,549	7,137	35,686
Professional development and travel	10,772	3,376	14,148
Other operating expenses	38,317	12,010	50,327
Total Expenses	\$ 28,799,284	\$ 609,809	\$ 29,409,093

STATEMENTS OF CASH FLOWS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN
For the years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Change in Net Assets	\$ (1,569,684)	\$ 10,495,571
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
Changes in operating assets and liabilities:		
Grants receivable	51,436	5,083,583
Prepaid expenses	(14,552)	21,040
Accounts payable	66,243	(4,485,413)
Accrued liabilities	250,104	(319,023)
Deferred revenue	-	(313,673)
Net Cash Provided by (Used for) Operating Activities	(1,216,453)	10,482,085
Net Cash Provided by Financing Activities:		
MDHHS capitated allocation overpayment	2,508,209	-
MDHHS capitated allocation surplus	10,408,065	-
Net Cash Provided by Financing Activities	12,916,274	-
Net Increase in Cash and Cash Equivalents	11,699,821	10,482,085
Beginning Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	12,568,108	2,086,023
Ending Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	<u>\$ 24,267,929</u>	<u>\$ 12,568,108</u>
Supplemental Cash Flow Information		
Cash and cash equivalents	\$ 21,267,929	\$ 9,568,108
Restricted cash and cash equivalents for risk reserve	1,500,000	1,500,000
Restricted cash and cash equivalents for reinvestment pool	1,500,000	1,500,000
Total Cash and cash equivalents and Restricted cash and cash equivalents	<u>\$ 24,267,929</u>	<u>\$ 12,568,108</u>

NOTES TO FINANCIAL STATEMENTS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

September 30, 2022 and 2021

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The accompanying financial statements present the financial position, results of operations, and cash flows of West Michigan Partnership for Children (“WMPC”). WMPC was incorporated in Michigan as a not-for-profit corporation in 2016 to pilot the first performance-based foster care service delivery model in Michigan with the goal of improving outcomes for children. WMPC believes there is a better way to support children and families in West Michigan.

On October 1, 2017 WMPC began facilitating foster care for children and families in Kent County, Michigan, in partnership with Bethany Christian Services, Catholic Charities West Michigan, D.A. Blodgett - St. John’s, Samaritas, and Wellspring Lutheran Services, through a contract with the Michigan Department of Health and Human Services (MDHHS).

WMPC and its partners value keeping families together. WMPC aims to safely reunify more children with their families and more quickly by working alongside families to help them address the situations that led to their child’s removal. WMPC prioritizes keeping children with their families and relatives and seeks adoptive homes only when returning children to their families is not possible. Foster parents are important partners in this process.

Basis of Accounting

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Net Assets

WMPC reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of WMPC’s management and the board of directors.

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of WMPC or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, institutional money market funds, and cash on hand. For purposes of the statement of cash flows, WMPC considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except that such assets held in endowment are generally classified as noncurrent. WMPC maintains cash balances in checking and savings accounts. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, WMPC may have cash in a bank checking or savings account in excess of the federally insured limit.

Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents consist of the MDHHS capitated allocation risk reserve and reinvestment pool. The MDHHS contract was amended for the years ended September 30, 2022 and September 30, 2021 to stipulate that year-end surplus dollars exceeding a \$1.5 million risk reserve and a \$1.5 million reinvestment pool must be returned to MDHHS, unless they are obligated into approved programming through an approved spending plan. See Note F for additional information regarding the MDHHS surplus recognized as short-term debt as of September 30, 2022.

Grants Receivable

Grants receivable consist primarily of amounts billed by WMPC to the State of Michigan but not collected as of the date of the financial statements. Grants receivable are stated at the amount management expects to collect from the outstanding balance. Management has determined, based on payments received after the date of the financial statements, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

NOTES TO FINANCIAL STATEMENTS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

September 30, 2022 and 2021

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 39 years. WMPC follows a capitalization policy of \$5,000 in determining assets to be depreciated. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Deferred Revenue

On May 1, 2020, the Organization received loan proceeds in the amount of \$245,055 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and provides loans to qualifying businesses for amounts up to 2.5 times the average amount of qualified payroll expenses. The loans were forgivable after 24 weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and the borrower maintains their employment levels. WMPC used the proceeds consistent with the PPP requirements and received forgiveness of the entire amount on July 15, 2021. Associated revenue was recognized as of September 30, 2021.

Revenue Recognition

WMPC is primarily funded under a global capitated allocation model through its contract with the Michigan Department of Health and Human Services (MDHHS). For foster care programming, the capitated payment amount is based on historical averages of the number of children served in Kent County and the associated average cost of foster care services per youth. WMPC is also allocated a pre-determined amount annually for administrative operations, and oversight of partner agencies. Both the capitated and administrative allocations are determined annually by MDHHS, with one-fourth of the total being paid to WMPC at the first of each quarter. For the year-ended September 30, 2022, the total capitated and administrative allocations were \$24,201,461 and \$2,000,000, respectively. Any unspent funds are to be retained by WMPC over the course of its contract for the creation of a risk pool addressing the high needs of specific children over time and developing new programs servicing the needs of foster children in WMPC's care.

Income Taxes

WMPC is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, WMPC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

NOTES TO FINANCIAL STATEMENTS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN

September 30, 2022 and 2021

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

WMPC evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that WMPC has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. WMPC'S federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 29, 2023 which is the date the financial statements were available to be issued.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of WMPC. Expenses qualifying for federal funding reimbursement related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies conducted by the State of Michigan.

Remaining management and general expenses were allocated using the following methods: 1) salaries and related personnel expenses were allocated based on management's analysis of time utilization for each WMPC position, 2) occupancy, telephone/utilities, technology, professional development, and travel expenses were allocated equally to each team member and then distributed based on management's time utilization analysis for time spent between program activities and administration, 3) professional services were either allocated wholly to administrative activities or based on time utilization, 4) marketing expenses were allocated based on time spent between programs and administration, and 5) other operating expenses wholly allocated as administrative activities.

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. WMPC did not conduct any fundraising activities in 2022 or 2021 and therefore had no expenses for that function.

NOTES TO FINANCIAL STATEMENTS

WEST MICHIGAN PARTNERSHIP FOR CHILDREN
September 30, 2022 and 2021

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Concentrations

Substantially all of the grants receivable at September 30, 2022 and 2021 are due from the State of Michigan. In addition, substantially all of the grant revenue received during the years then ended was provided by the State of Michigan. A loss of this revenue could adversely affect WMPC's operations.

New Accounting Standard

During 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-70: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. As a result of the adoption of this ASU, the Organization increased transparency in its reporting of contributed nonfinancial assets. The standard was adopted retrospectively, and the adoption of the ASU did not have an impact on the Organization's net assets.

Note B – Liquidity and Availability

WMPC regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization's sources of liquidity at its disposal include cash, cash equivalents, and grants receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, WMPC considers all expenditures related to its ongoing programmatic activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. As of September 30, 2022 and 2021, the following financial assets could readily be made available within one year to meet general expenditures:

Financial assets:	2022	2021
Cash and cash equivalents	\$ 21,267,929	\$ 9,568,108
Grants receivable	62,812	114,248
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 21,330,741</u>	<u>\$ 9,682,356</u>

Note C – Retirement Plan

WMPC has historically maintained a Simple IRA Plan, qualified under fund Section 408(p) of the Internal Revenue Code, for its retirement plan offered to employees. WMPC made automatic 2% employer contributions on gross compensation for each eligible team member through December 31, 2020. Effective January 1, 2021, WMPC adjusted their retirement plan and now offers a Section 403(b) Plan. Automatic employer contributions of 4% on gross compensation are made for each eligible team member. Eligible team members are permitted to contribute up to \$20,500 of their gross compensation, annually; team members over 50 years of age may contribute an additional \$6,500 for a maximum of \$27,000. Employer contributions, made with each bi-weekly payroll, were \$59,698 and 39,488 for the years ended September 30, 2022 and 2021.

Note D – Line of Credit

WMPC has an unsecured \$1,500,000 line of credit with Mercantile Bank which expired on December 15, 2022 and was subsequently renewed. The variable interest calculated on the unpaid balance will be no less than 4.25% per annum or more than the maximum rate allowed by applicable law. There were no outstanding borrowings on the line of credit as of September 30, 2022 and September 30, 2021, respectively.

Note E – Operating Leases

WMPC has historically leased office space to run its operations. The original lease commenced on April 1, 2017, and WMPC was required to make monthly rent payments in the amount of \$4,656 through September 2021. Total rental expense was \$55,876 for the year ended September 30, 2021. As of October 1, 2021, the Organization has elected not to enter into a new lease arrangement for office space and operates in a virtual capacity.

WMPC also historically rented office equipment on a monthly basis. The original 60-month lease commenced on August 10, 2017 and extended through August 2022. The required monthly payment during the audit period was \$763, plus overage charges as applicable. Office equipment rent expense was \$9,567 and \$9,046 for the years ended September 30, 2022 and 2021, respectively. As of October 1, 2022, the Organization has elected to terminate the lease, effective immediately.

Note F – Short Term Debt & Contingencies

For the year ended September 30, 2022, MDHHS determined that the FY22 capitated allocation was overpaid by \$2,508,209. The overpayment does not require interest payments and was due in full on November 7, 2022; the amount was repaid in full to MDHHS subsequent to year-end and prior to the due date.

For the years ended September 30, 2022 and September 30, 2021, the MDHHS contract was amended to stipulate that any surplus dollars at year-end exceeding a \$1.5 million risk reserve and \$1.5 million reinvestment pool must be returned to MDHHS, unless they are obligated into approved programming through a spending plan. As of September 30, 2022, WMPC recognizes \$10.4 million of surplus funds as short-term debt on their Statement of Financial Position. However, WMPC's position is that these earnings were intended to remain with the organization for reinvestment in future programming within WMPC's service area. Accordingly, WMPC has delayed repayment of the surplus funds and intends to reach an agreement with MDHHS to allow WMPC to retain the funds for use within their service area. As of March 29, 2023, the issuance date of the financial statements, WMPC remains in discussion with MDHHS, but has not reached an agreement on the matter.