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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
KVC Behavioral Healthcare Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
21350 W 153RD STREET

City or town, state or country, and ZIP + 4
OLATHE, KS 66061

D Employer identification number
48-0770308

E Telephone number
(913) 322-4900

G Gross receipts $ 34,545,454

F Name and address of principal officer
B WAYNE SIMS
21350 W 153RD STREET
OLATHE, KS 66061

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW KVC ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1969 | **M** State of legal domicile KS

Part I Summary

1 Briefly describe the organization's mission or most significant activities
IT IS THE MISSION OF KVC TO ENRICH AND ENHANCE THE LIVES OF CHILDREN AND THEIR FAMILIES BY PROVIDING MEDICAL AND BEHAVIORAL HEALTHCARE, SOCIAL SERVICES AND EDUCATION

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	4
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	0
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	361
6	Total number of volunteers (estimate if necessary)	**6**	54
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	860,098	279,171
9	Program service revenue (Part VIII, line 2g)	44,291,544	33,503,118
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	14,978	2,929
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	739,133	760,236
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	45,905,753	34,545,454
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	122,507	131,519
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	17,245,242	9,880,212
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	27,165,664	18,075,587
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	44,533,413	28,087,318
19	Revenue less expenses Subtract line 18 from line 12	1,372,340	6,458,136

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	6,619,222	4,141,497
21	Total liabilities (Part X, line 26)	3,237,960	2,292,803
22	Net assets or fund balances Subtract line 21 from line 20	3,381,262	1,848,694

Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

****** | 2012-05-15
Signature of officer | Date

B WAYNE SIMS PRESIDENT
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Michael J Engle	Michael J Engle			
Firm's name ▶ BKD LLP				Firm's EIN ▶
Firm's address ▶ 1201 Walnut Suite 1700 Kansas City, MO 641062246				Phone no ▶ (816) 221-6300

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

IT IS THE MISSION OF KVC TO ENRICH AND ENHANCE THE LIVES OF CHILDREN AND THEIR FAMILIES BY PROVIDING MEDICAL AND BEHAVIORAL HEALTHCARE, SOCIAL SERVICES AND EDUCATION

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☑ Yes ☐ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 14,636,354 including grants of $ 131,519) (Revenue $ 22,363,985)

KVC IS RESPONSIBLE FOR THE CARE OF ALL KANSAS CHILDREN WHO ENTER FOSTER CARE IN THE SRS KANSAS CITY METRO REGION THE COURTS AND SRS MAINTAIN RESPONSIBILITY FOR DETERMINING CHILDREN REFERRED FOR SERVICES KVC OPERATES UNDER A "NO REJECT-NO EJECT" CONTRACT AND IS RESPONSIBLE FOR EVERY CHILD REFERRED WITHIN 4 HOURS OF NOTIFICATION AND UNTIL SAFE AND TIMELY PERMANENCY IS ACHIEVED KVC PROVIDES ONGOING CASE MANAGEMENT, THERAPY, FAMILY EDUCATION AND SUPPORT, TRANSPORTATION AND AFTERCARE SERVICES FROM 17 LOCATIONS, IMPACTING NEARLY 10,000 CHILDREN AND FAMILY MEMBERS EACH DAY (SEE CONTINUATION ON SCHEDULE O)

4b (Code) (Expenses $ 9,832,055 including grants of $ 0) (Revenue $ 11,139,133)

KVC PROVIDES RECRUITMENT, LICENSING & TRAINING OF RESOURCE FAMILIES ACROSS THE EASTERN HALF OF KANSAS PROVIDING OVER 1,400 LICENSED BEDS FOR CHILDREN IN FOSTER CARE FAMILY SERVICE COORDINATORS PROVIDE ONGOING SUPPORT TO FAMILIES INCLUDING 24 7 CRISES SUPPORT, CONTINUING EDUCATION PROGRAMS, MENTORING COORDINATION, COMMUNITY SUPPORT GROUPS AND EDUCATIONAL PUBLICATIONS KVC RAISES FUNDS PRIVATELY TO UNDERWRITE AN ANNUAL HOLIDAY WEEKEND RESOURCE FAMILY CONFERENCE WHERE APPROXIMATELY 1,000 RESOURCE PARENTS, CHILDREN AND VOLUNTEERS COME TOGETHER TO HEAR NATIONAL PRESENTERS, NETWORK WITH EACH OTHER, AND ENJOY FAMILY ACTIVITIES

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 24,468,409

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	**1a**	374		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c** Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	361		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a** Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b** Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			**13a**	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	4		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	0		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		No
b	Other officers or key employees of the organization	15b		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

PAUL KLAYDER
21350 W 153RD STREET
OLATHE, KS 66061
(913) 322-4900

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII . . . . . ☑

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) B WAYNE SIMS-SEE SCH O DIRECTOR/BOARD PRESIDENT	17 0	X		X				0	247,324	60,974
(2) ANNE ROBERTS-SEE SCH O DIRECTOR/BOARD SECRETARY	17 0	X		X				0	172,755	20,942
(3) PAUL KLAYDER-SEE SCH O DIRECTOR/BOARD TREASURER	17 0	X		X				0	157,246	22,694
(4) SHERRY LOVE-SEE SCH O DIRECTOR	17 0	X						0	166,513	19,693
(5) JYOSTNA ADMA PSYCHIATRIST	20 0					X		58,710	101,220	21,378
(6) JASON HOOPER PRESIDENT - KVC HOSPITALS	20 0					X		51,038	59,615	1,586
(7) MATHEW A LOEHR PRESIDENT - OUTPATIENT SVCS	20 0					X		57,086	64,047	23,368
(8) NAHID SHAVAKHI VP-NURSING & CLINICAL SVCS	20 0					X		51,489	51,800	19,884
(9) JAMES C VAN DOREN PSYCHIATRIST	20 0					X		78,142	209,127	2,970

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								296,465	1,229,647	193,489

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 1

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
DCCCAINC	FOSTER PLACEMENT	859,747
TLC FOR CHILDREN FAMILIES	FOSTER PLACEMENT	675,825
THE SHELTER	FOSTER PLACEMENT	656,710
TFI FAMILY SERVICES	FOSTER PLACEMENT	352,172
COMMUNITY LIVING OPPORTUNITIES	SUBCONTRACTED SERV	237,303

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 7

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a	45,212				
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations . . . 1d					
	e Government grants (contributions) 1e	101,217				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	132,742				
	g Noncash contributions included in lines 1a-1f $	89,463				
	h **Total.** Add lines 1a-1f . . . . . ▶		279,171			
Program Service Revenue		Business Code				
	2a CONTRACT FAMILY PRES , REINT , ADOPTION	624100	29,220,926	29,220,926		
	b FOSTER CARE REINTEGRATION	624100	4,215,138	4,215,138		
	c OUTPATIENT/IN-HOME SERVICES	624100	67,054	67,054		
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		33,503,118			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		2,929			2,929
	4 Income from investment of tax-exempt bond proceeds . . ▶		0			
	5 Royalties . . . . . ▶		0			
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) . . . . . ▶					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss) . . . . . ▶		0			
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶		0			
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . . ▶		0			
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶		0			
	Miscellaneous Revenue	Business Code				
	11a MANAGEMENT FEE	561000	647,700			647,700
	b MISCELLANEOUS	900099	112,536			112,536
	c					
	d All other revenue		112,536			112,536
	e **Total.** Add lines 11a–11d . . . . . ▶		760,236			
	12 **Total revenue.** See Instructions . . . ▶		34,545,454	33,503,118	0	763,165

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	0			
2 Grants and other assistance to individuals in the U S See Part IV, line 22	131,519	131,519		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	8,101,918	7,367,461	734,457	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	0			
9 Other employee benefits	1,056,365	953,281	103,084	
10 Payroll taxes	721,929	653,388	68,541	
a Fees for services (non-employees) Management	2,502,970	171,245	2,331,725	
b Legal	10,894	10,894		
c Accounting	0			
d Lobbying	0			
e Professional fundraising services *See Part IV, line 17*	0			
f Investment management fees	0			
g Other	1,294,743	1,290,862	3,881	
12 Advertising and promotion	37,450	37,450		
13 Office expenses	600,452	578,981	21,471	
14 Information technology	0			
15 Royalties	0			
16 Occupancy	870,801	831,801	39,000	
17 Travel	993,059	990,995	2,064	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	44,482	44,016	466	
20 Interest	10,873		10,873	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	183,559	166,400	17,159	
23 Insurance	195,717		195,717	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a KVC FOSTER PARENT PAYMENTS	7,386,387	7,386,387		
b SUBCONT FOSTER HOME PAYMENT	2,299,725	2,299,725		
c REPAIRS & MAINTENANCE	84,879	84,879		
d CHILD CARE PAYMENTS	979,577	979,577		
e _				
f All other expenses	580,019	489,548	90,471	
25 **Total functional expenses.** Add lines 1 through 24f	28,087,318	24,468,409	3,618,909	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		126,904	1	304,506
	2	Savings and temporary cash investments		396,971	2	0
	3	Pledges and grants receivable, net		46,544	3	25,363
	4	Accounts receivable, net		4,897,172	4	3,056,698
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		201,338	9	246,397
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 2,269,077			
	b	Less accumulated depreciation	10b 1,816,750	868,430	10c	452,327
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		81,863	15	56,206
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		6,619,222	16	4,141,497
Liabilities	17	Accounts payable and accrued expenses		2,976,042	17	2,143,489
	18	Grants payable			18	
	19	Deferred revenue		21,998	19	0
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		239,920	23	149,314
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D			25	
	26	**Total liabilities.** Add lines 17 through 25		3,237,960	26	2,292,803
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		3,378,262	27	1,848,694
	28	Temporarily restricted net assets		3,000	28	0
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		3,381,262	33	1,848,694
	34	Total liabilities and net assets/fund balances		6,619,222	34	4,141,497

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	34,545,454
2	Total expenses (must equal Part IX, column (A), line 25)	2	28,087,318
3	Revenue less expenses Subtract line 2 from line 1	3	6,458,136
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	3,381,262
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-7,990,704
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,848,694

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☑ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	1,777,771	978,875	1,259,862	860,098	189,707	5,066,313
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	59,897,613	64,529,943	63,127,313	44,291,544	33,440,446	265,286,859
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5	61,675,384	65,508,818	64,387,175	45,151,642	33,630,153	270,353,172
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	89,242	65,000	93,156	25,875	11,939	285,212
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year	0	0	0	0	0	0
c Add lines 7a and 7b	89,242	65,000	93,156	25,875	11,939	285,212
8 **Public Support** (Subtract line 7c from line 6)						270,067,960

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6	61,675,384	65,508,818	64,387,175	45,151,642	33,630,153	270,353,172
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	420,875	307,061	285,737	14,978	2,929	1,031,580
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	420,875	307,061	285,737	14,978	2,929	1,031,580
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	1,287,316	953,757	490,085	739,133	822,906	4,293,197
13 **Total support** (Add lines 9, 10c, 11 and 12)	63,383,575	66,769,636	65,162,997	45,905,753	34,455,988	275,677,949

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	97 965 %
16	Public support percentage from 2009 Schedule A, Part III, line 15	16	98 105 %

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17	0 374 %
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18	0 453 %

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☑

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
KVC Behavioral Healthcare Inc	48-0770308

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)	0	0
b Total lobbying expenditures to influence a legislative body (direct lobbying)	0	62,693
c Total lobbying expenditures (add lines 1a and 1b)	0	62,693
d Other exempt purpose expenditures	28,087,318	140,993,828
e Total exempt purpose expenditures (add lines 1c and 1d)	28,087,318	141,056,521
f Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	4,747,161

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

g	Grassroots nontaxable amount (enter 25% of line 1f)	250,000	1,186,790
h	Subtract line 1g from line 1a If zero or less, enter -0-		
i	Subtract line 1f from line 1c If zero or less, enter -0-		

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount				4,747,161	4,747,161
b Lobbying ceiling amount (150% of line 2a, column(e))					7,120,742
c Total lobbying expenditures				62,693	62,693
d Grassroots non-taxable amount				1,186,790	1,186,790
e Grassroots ceiling amount (150% of line 2d, column (e))					1,780,185
f Grassroots lobbying expenditures				0	0

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		385,000	308,253	76,747
d Equipment		1,884,077	1,508,497	375,580
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				452,327

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	0

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
UNCERTAIN TAX POSITIONS DISCLOSURE	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740 BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 150. %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			0	0	0	0 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			0	0	0	0 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Financial Assistance and Means-Tested Government Programs			0	0	0	0 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			0	0	0	0 %
f Health professions education (from Worksheet 5)			0	0	0	0 %
g Subsidized health services (from Worksheet 6)			0	0	0	0 %
h Research (from Worksheet 7)			0	0	0	0 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			0	0	0	0 %
j **Total** Other Benefits			0	0	0	0 %
k **Total.** Add lines 7d and 7j			0	0	0	0 %

Part II **Community Building Activities** during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**						

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	0		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	0		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	0		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	0		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes		
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV **Management Companies and Joint Ventures**

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	PRAIRIE RIDGE 4300 BRENNER DRIVE KANSAS CITY,KS 66104	X								CHILDRENS PSYCHIATRIC FACILITY

Part V **Facility Information** *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

	Name and address	Type of Facility (Describe)
1		
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, LINE 4	ACCOUNTS RECEIVABLE ARE STATED AT THE NET REALIZABLE VALUE, WHICH IS THE AMOUNT MANAGEMENT EXPECTS TO COLLECT FROM OUTSTANDING BALANCES THE ORGANIZATION PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS, WHICH IS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS ACCOUNTS RECEIVABLE ARE ORDINARILY DUE 30 DAYS AFTER THE ISSUANCE OF THE INVOICE ACCOUNTS PAST DUE MORE THAN 90 DAYS ARE CONSIDERED DELINQUENT DELINQUENT RECEIVABLES ARE WRITTEN OFF BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE CUSTOMER THE BAD DEBT EXPENSE IS FROM THOSE CLIENTS THAT DO NOT QUALIFY FOR CHARITY CARE OR FOR FINANCIAL ASSISTANCE THAT ARE NOT EXPECTED TO PAY THE COST OF THE VISITS ARE DETERMINED BY TAKING THE AMOUNT OF REVENUE RECORDED FROM THE BAD DEBT, DIVIDING BY TOTAL REVENUE, MULTIPLYING BY THE PROFIT FOR THE YEAR, THEN SUBTRACTING THAT FROM THE BAD DEBT REVENUE RECORDED

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES	SCHEDULE H, PART III, LINE 9B	KVC DOES NOT SEND CHARITY CARE OR FINANCIAL ASSISTANCE CLIENTS TO COLLECTION AGENCIES KVC WORKS WITH THESE CLIENTS TO SET UP PAYMENT PLANS THAT THE CLIENT CAN MAINTAIN

Identifier	ReturnReference	Explanation
NEEDS ASSESMENT	SCHEDULE H, PART VI, LINE 2	PRAIRIE RIDGE PROVIDES MENTAL HEALTH CARE TO THE COMMUNITIES IT SERVES THIS NEED IS ASSESSED BY DISCUSSING INPATIENT MENTAL HEALTH NEEDS WITH STATE FOSTER CARE CONTRACTORS, OTHER HOSPITALS AND COMMUNITY MENTAL HEALTH CENTERS THE STATE OF KANSAS HAS ALSO ASSESSED THE NEED FOR THESE SERVICES

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	KVC'S CHARITY CARE POLICY IS ON THE COMPANY'S WEBSITE (KVC ORG) AND GIVEN OUT UPON ADMISSION THE MAJORITY OF CLIENTS SERVED BY KVC ARE ALREADY ON A FEDERAL, STATE OR LOCAL PROGRAM

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	PRAIRIE RIDGE GENERALLY SERVES THE NEED OF LOW TO MIDDLE INCOME FAMILIES THAT RESIDE IN THE EASTERN PART OF KANSAS AND IN THE SOUTHERN AND EASTERN PORTIONS OF NEBRASKA

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	THE TRAINING PROVIDED IN THE COMMUNITY IS THAT OF EXPANDING THE UNDERSTANDING OF MENTAL HEALTH ISSUES IN PRE-ADOLESCENTS AND ADOLESCENTS COMMUNITY PROVIDERS ARE INVITED TO TRAININGS WHERE KVC PROFESSIONALS PRESENT AND/OR WHERE KVC BRINGS IN NATIONAL TRAINERS AND EXPERTS THESE EVENTS ARE HELD SO THAT COMMUNITY PRACTITIONERS CAN BE TRAINED ON NEW THERAPIES AND TO PROMOTE CONTINUITY AND PROFESSIONAL GROTWH IN THE TREATMENT CULTURES OF OUR VARIOUS COMMUNITIES

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2 Enter total number of section 501(c)(3) and government organizations . . . ▶

3 Enter total number of other organizations . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) FUNDS TO FACILITATE PERMANENCY FOR FOSTER CHILDREN	628	131,519			

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS IN THE U S	SCHEDULE I, PART I, LINE 2	A REQUEST IS MADE TO A CASE MANAGER WHO THEN FILLS OUT THE PROPER PAPERWORK IF THE CASE MANAGER IS APPROVING THE REQUEST A RESOURCE COORDINATOR THEN REVIEWS THE REQUEST AND APPROVES AND THEN SUBMITS FOR APPROVAL BY A SUPERVISOR ONCE THE SUPERVISOR APPROVES THE REQUEST THE REQUEST IS THEN SENT TO ACCOUNTING FOR FINAL REVIEW AND PAYMENT CHECKS ARE GENERALLY PAID TO THE PROVIDER OF THE GOOD OR SERVICE, NOT TO THE PERSON REQUESTING THE GRANT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) B WAYNE SIMS-SEE SCH O	(i)	0	0	0	0	0	0	0
	(ii)	229,324	18,000	0	53,061	7,913	308,298	0
(2) ANNE ROBERTS-SEE SCH O	(i)	0	0	0	0	0	0	0
	(ii)	160,755	12,000	0	12,591	8,351	193,697	0
(3) PAUL KLAYDER-SEE SCH O	(i)	0	0	0	0	0	0	0
	(ii)	147,246	10,000	0	12,458	10,236	179,940	0
(4) SHERRY LOVE-SEE SCH O	(i)	0	0	0	0	0	0	0
	(ii)	156,513	10,000	0	12,514	7,179	186,206	0
(5) JYOSTNA ADMA	(i)	58,710	0	0	0	8,095	66,805	0
	(ii)	101,220	0	0	1,614	11,669	114,503	0
(6) JAMES C VAN DOREN	(i)	4,808	73,334	0	0	0	78,142	0
	(ii)	172,461	36,666	0	0	2,970	212,097	0
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	SCHEDULE J, PART I, LINE 4B	B WAYNE SIMS $ 50,000 ANNE ROBERTS $ 10,000 PAUL KLAYDER $ 10,000 SHERRY LOVE $ 10,000
COMPENSATION FROM RELATED ORGANIZATION	FORM 990, PART VII, SECTION A & SCHEDULE J, PART II	THE COMPENSATION REPORTED ON FORM 990, PART VII, SECTION A & SCHEDULE J, PART II WAS PAID BY A RELATED TAX EXEMPT ORGANIZATION, KVC HEALTH SYSTEMS, INC OR KVC HOSPITALS, INC KVC HEALTH SYSTEMS, INC USES A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, FORM 990 OF OTHER ORGANIZATIONS, COMPENSATION SURVEY OR STUDY, AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE TO ESTABLISH THE COMPENSTION OF B WAYNE SIMS, BOARD PRESIDENT OF KVC BEHAVIORAL HEALTHCARE, INC AND PRESIDENT/CEO OF KVC HEALTH SYSTEMS, INC

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (VARIOUS ITEMS)	X	0	89,463	FMV
26 Other ▶( )				
27 Other ▶( )				
28 Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29** 0

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? **30a**		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions? **31**		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions? **32a**		No
b	If "Yes," describe in Part II		
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Identifier	Return Reference	Explanation
CHANGE TO PROGRAM SERVICES	FORM 990,PART III, LINE 3	THE OPERATIONS OF THE PRARIE RIDGE PSYCHIATRIC HOSPITAL WERE MOVED TO KVC HOSPITALS, INC , A RELATED TAX-EXEMPT ORGANZIATION

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISMENTS	FORM 990,PART III, LINE 4A	IF CHILDREN CANNOT RETURN HOME SAFELY, KVC STRIVES TO IDENTIFY AN ADOPTIVE FAMILY AND HAS BEEN SUCCESSFUL IN THE ACHIEVEMENT OF 1500 ADOPTIONS IN APPROXIMATELY THE PAST 1500 DAYS RESEARCH INDICATES THAT IN HOME THERAPY IS ONE OF THE MOST EFFECTIVE TREATMENT MODALITIES FOR SAFELY KEEPING "AT RISK" FAMILIES TOGETHER, TREATMENT PROVIDED IN THE HOME WHERE CHANGE MUST OCCUR KVC IS ONE OF FEW WILLING PROVIDERS OF THIS IMPORTANT TREATMENT SERVICE

Identifier	Return Reference	Explanation
MEMBERS	FORM 990, PART VI, SECTION A, LINE 6	KVC HEALTH SYSTEMS, INC , A KANSAS NOT-FOR-PROFIT CORPORATION, IS THE SOLE MEMBER OF KVC BEHAVIORAL HEALTHCARE, INC KVC HEALTH SYSTEMS, INC IS DESIGNATED AS THE SOLE MEMBER AS LONG AS KVC HEALTH SYSTEMS, INC CONTINUES TO QUALIFY AS A "QUALIFIED ORGANIZATION" AS DESCRIBED IN SECTION 501(C)(3) AND SECTIONS 509(A)(3) OF THE IRC KVC HEALTH SYSTEMS, INC HAS THE RIGHT TO CHANGE THE NUMBER OF DIRECTORS, TO APPOINT AND ELECT AND REMOVE THE MEMBERS OF KVC BEHAVIORAL HEALTHCARE, INC 'S BOARD OF DIRECTORS KVC HEALTH SYSTEMS, INC HAS THE POWER TO APPROVE SIGNIFICANT DECISIONS OF KVC BEHAVIORAL HEALTHCARE, INC KVC HEALTH SYSTEMS, INC IS NOT ENTITLED TO RECEIVE A SHARE OF KVC BEHAVIORAL HEALTHCARE, INC 'S PROFITS KVC HEALTH SYSTEMS, INC IS ENTITLED TO KVC BEHAVIORAL HEALTHCARE, INC 'S NET ASSETS UPON DISSOLUTION

Identifier	Return Reference	Explanation
MEMBERS MAY ELECT GOVERNING BOARD	FORM 990, PART VI, SECTION A, LINE 7A	KVC HEALTH SYSTEMS, INC BEING THE SOLE MEMBER OF KVC BEHAVIORAL HEALTHCARE, INC HAS THE RIGHT TO ELECT ALL MEMBERS OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
GOVERNING BOARD DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PART VI, SECTION A, LINE 7B	THE CORPORATE BYLAWS OF KVC BEHAVIORAL HEALTHCARE, INC IDENTIFY CERTAIN RIGHTS AND POWERS WHICH ARE RESERVED TO KVC HEALTH SYSTEMS, INC THE SOLE MEMBER IN EACH INSTANCE, THE RIGHTS AND POWERS RESERVED TO THE SOLE MEMBER MAY BE SUMMARIZED AS FOLLOWS 1 BOARD OF DIRECTORS THE SOLE MEMBER HAS THE POWER TO ELECT THE BOARD OF DIRECTORS, REMOVE DIRECTORS, AND CHANGE THE NUMBER OF DIRECTORS 2 ARTICLES OF INCORPORATION AND BYLAWS KVC BEHAVIORAL HEALTHCARE, INC ARTICLES OF INCORPORATION AND BYLAWS MAY BE AMENDED BY THE SOLE MEMBER 3 ANNUAL BUDGETS THE SOLE MEMBER HAS THE POWER TO APPROVE OR DISAPPROVE ANNUAL BUDGETS ADOPTED BY THE BOARD OF DIRECTORS AND TO ESTABLISH LEVELS OF APPROVAL AUTHORITY FOR KVC BEHAVIORAL HEALTHCARE, INC 4 DISSOLUTION OR LIQUIDATION THE SOLE MEMBER HAS THE POWER TO APPROVE IN ADVANCE ANY PROPOSED DISSOLUTION AND/OR LIQUIDATION OF KVC BEHAVIORAL HEALTHCARE, INC

Identifier	Return Reference	Explanation
REVIEW PROCESS OF FORM 990	FORM 990, PART VI, SECTION B, LINE 11B	AN INDEPENDENT ACCOUNTING FIRM PREPARES AND REVIEWS THE 990 THE 990 IS THEN REVIEWED BY THE ORGANIZATION'S OFFICERS AND ACCOUNTING PERSONNEL ANY QUESTIONS OR CONCERNS THE ORGANIZATION'S OFFICERS AND ACCOUNTING PERSONNEL HAVE ARE ADDRESSED AND ANY CORRECTIONS OR CLARIFICATIONS THAT NEED TO BE MADE ARE MADE THE FINAL FORM 990 WITH ALL REQUIRED SCHEDULES IS THEN PROVIDED TO ALL VOTING MEMBERS OF THE BOARD PRIOR TO FILING THE 990

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST	FORM 990, PART VI, SECTION B, LINE 12C	EACH YEAR BOARD MEMBERS AND OFFICERS FILL OUT A PACKET THAT DETAILS ANY CONFLICTS OF INTEREST THE CFO REVIEWS THE PACKETS TO DETERMINE IF THERE ARE ANY CONFLICTS OF INTEREST IF ANY CONFLICT EXIST, THE BOARD MEMBER WITH THE CONFLICT DOES NOT PARTICIPATE IN THE DISCUSSION OR VOTE ON THE ISSUE INVOLVING THE CONFLICT

Identifier	Return Reference	Explanation
AVAILABILTY OF GOVERNING DOCUMENTS	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST TO THE ACCOUNTING MANAGERS FINANCIAL STATEMENT INFORMATION THAT WAS USED TO PREPARE THE 990 IS AVAILABLE AT WWW GUIDESTAR ORG

Identifier	Return Reference	Explanation
EXECUTIVE COMPENSATION DETAIL	FORM 990, PART VII & SCHEDULE J, PART II	THE FOUR EXECUTIVE OFFICERS (CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, CHIEF FINANCIAL OFFICER, AND CHIEF CLINICAL OFFICER) OVERSEE AND PERFORM DUTIES FOR ALL OF THE COMPANIES IN THE CONSOLIDATED GROUP OF KVC HEALTH SYSTEMS THE FOLLOWING ARE THE PERCENTAGES OF EACH COMPANY'S DIVISIONAL BUDGETS TO THE CONSOLIDATED BUDGET, WHICH REPRESENTS THE RELATIVE PERCENTAGE OF TIME SPENT BY THE EXECUTIVE OFFICERS - KVC BEHAVIORAL HEALTHCARE, INC - KANSAS REINTEGRATION CONTRACT REGION 2 29% - KVC BEHAVIORAL HEALTHCARE WEST VIRGINIA, INC 8% - KVC HEALTH SYSTEMS, INC 6% - KVC BEHAVIORAL HEALTHCARE KENTUCKY, INC 4% - KVC BEHAVIROAL HEALTHCARE NEBRASKA, INC 39% - KVC HOSPITALS, INC 13% - KVC REAL ESTATE HOLDINGS, INC 1% - KVC FOUNDATION, INC <1%

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS	FORM 990, PART XI, LINE 5	INTERCOMPANY TRANSFERS $ (7,987,704) CHANGE IN TEMPORARILY RESTRICTED ASSETS $ (3,000) ---------- $ (7,990,704)

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME B WAYNE SIMS-SEE SCH O TITLE DIRECTOR/BOARD PRESIDENT HOURS 43

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ANNE ROBERTS-SEE SCH O TITLE DIRECTOR/BOARD SECRETARY HOURS 43

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME PAUL KLAYDER-SEE SCH O TITLE DIRECTOR/BOARD TREASURER HOURS 43

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SHERRY LOVE-SEE SCH O TITLE DIRECTOR HOURS 43

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JYOSTNA ADMA TITLE PSYCHIATRIST HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JASON HOOPER TITLE PRESIDENT - KVC HOSPITALS HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MATHEW A LOEHR TITLE PRESIDENT - OUTPATIENT SVCS HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME NAHID SHAVAKHI TITLE VP-NURSING & CLINICAL SVCS HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JAMES C VAN DOREN TITLE PSYCHIATRIST HOURS 20

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
KVC Behavioral Healthcare Inc

Employer identification number
48-0770308

Part I **Identification of Disregarded Entities** (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II **Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) KVC HEALTH SYSTEMS INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516589	MANAGEMENT	KS	501(C)(3)	11B	NA		
(2) KVC BEHAVIORAL HEALTHCARE WEST VIRGINIA 200 BRADFORD ST CHARLESTON, WV 25301 31-1770280	FOSTER CARE	WV	501(C)(3)	9	KVC HSI		
(3) KVC FOUNDATION INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516476	FUNDRAISING	KS	501(C)(3)	11B	KVC HSI		
(4) KVC REAL ESTATE HOLDINGS INC 21350 W 153RD STREET OLATHE, KS 66061 26-2516519	REAL ESTATE	KS	501(C)(3)	11B	KVC HSI		
(5) KVC BEHAVIORAL HEALTHCARE KENTUCKY INC 900 BEASLEY STREET LEXINGTON, KY 40509 27-0795565	IN HOME SVCS	KY	501(C)(3)	9	KVC HSI		
(6) KVC BEHAVIORAL HEALTHCARE NEBRASKA INC 10909 MILL VALLEY ROAD OMAHA, NE 68154 27-0408957	FAM PRES	NE	501(C)(3)	9	KVC HSI		
(7) KVC HOSPITAL 21350 W 153RD STREET OLATHE, KS 66061 27-1672159	INPATIENT FAC	KS	501(C)(3)	3	KVC HSI		

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**		**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**	**Yes**	
c	Gift, grant, or capital contribution from other organization(s)	**1c**	**Yes**	
d	Loans or loan guarantees to or for other organization(s)	**1d**		**No**
e	Loans or loan guarantees by other organization(s)	**1e**		**No**
f	Sale of assets to other organization(s)	**1f**		**No**
g	Purchase of assets from other organization(s)	**1g**		**No**
h	Exchange of assets	**1h**		**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**	**Yes**	
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	**Yes**	
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	**Yes**	
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	**Yes**	
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**		**No**
n	Sharing of paid employees	**1n**		**No**
o	Reimbursement paid to other organization for expenses	**1o**		**No**
p	Reimbursement paid by other organization for expenses	**1p**		**No**
q	Other transfer of cash or property to other organization(s)	**1q**	**Yes**	
r	Other transfer of cash or property from other organization(s)	**1r**	**Yes**	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 48-0770308
Name: KVC Behavioral Healthcare Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
KVC HEALTH SYSTEMS INC 21350 W 153RD STREET OLATHE, KS66061 26-2516589	MANAGEMENT	KS	501(C)(3)	11B	NA		
KVC BEHAVIORAL HEALTHCARE WEST VIRGINIA 200 BRADFORD ST CHARLESTON, WV25301 31-1770280	FOSTER CARE	WV	501(C)(3)	9	KVC HSI		
KVC FOUNDATION INC 21350 W 153RD STREET OLATHE, KS66061 26-2516476	FUNDRAISING	KS	501(C)(3)	11B	KVC HSI		
KVC REAL ESTATE HOLDINGS INC 21350 W 153RD STREET OLATHE, KS66061 26-2516519	REAL ESTATE	KS	501(C)(3)	11B	KVC HSI		
KVC BEHAVIORAL HEALTHCARE KENTUCKY INC 900 BEASLEY STREET LEXINGTON, KY40509 27-0795565	IN HOME SVCS	KY	501(C)(3)	9	KVC HSI		
KVC BEHAVIORAL HEALTHCARE NEBRASKA INC 10909 MILL VALLEY ROAD OMAHA, NE68154 27-0408957	FAM PRES	NE	501(C)(3)	9	KVC HSI		
KVC HOSPITAL 21350 W 153RD STREET OLATHE, KS66061 27-1672159	INPATIENT FAC	KS	501(C)(3)	3	KVC HSI		

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TY 2010 Affiliated Group Schedule

Name: KVC Behavioral Healthcare Inc

EIN: 48-0770308

Affiliated Group Business Name:		KVC BEHAVIORAL HEALTHCARE I
Address. Either US or Foreign Type:		21350 W 153RD STREET OLATHE, KS 66061
EIN:		48-0770308
Electing Organization Checkbox:		☑
Total Grassroots Lobbying:	0	
Total Direct Lobbying:	0	
Total Lobbying Expenditures:	0	
Other Exempt Purpose Expenditures:	28,087,318	
Total Exempt Purpose Expenditures:	28,087,318	
Lobbying Nontaxable Amount:	1,000,000	
Grassroots Nontaxable Amount:	250,000	
Tot Lobbying Grassroot Minus Non Tx:	0	
Tot Lobby Expend Mns Lobbying Non Tx:	0	
Share Of Excess Lobbying:	0	

Affiliated Group Business Name:		KVC HEALTH SYSTEMS INC
Address. Either US or Foreign Type:		21350 W 153RD STREET OLATHE, KS 66061
EIN:		26-2516589
Electing Organization Checkbox:		☑
Total Grassroots Lobbying:	0	
Total Direct Lobbying:	53,918	
Total Lobbying Expenditures:	53,918	
Other Exempt Purpose Expenditures:	8,292,798	
Total Exempt Purpose Expenditures:	8,346,716	
Lobbying Nontaxable Amount:	567,336	
Grassroots Nontaxable Amount:	141,834	
Tot Lobbying Grassroot Minus Non Tx:	0	
Tot Lobby Expend Mns Lobbying Non Tx:	0	
Share Of Excess Lobbying:	0	

Affiliated Group Business Name:	KVC BEHAVIORAL HEALTHCARE WE
Address. Either US or Foreign Type:	200 BRADFORD ST CHARLESTON, WV 25301
EIN:	31-1770280
Electing Organization Checkbox:	☑
Total Grassroots Lobbying:	0
Total Direct Lobbying:	0
Total Lobbying Expenditures:	0
Other Exempt Purpose Expenditures:	10,519,902
Total Exempt Purpose Expenditures:	10,519,902
Lobbying Nontaxable Amount:	675,995
Grassroots Nontaxable Amount:	168,999
Tot Lobbying Grassroot Minus Non Tx:	0
Tot Lobby Expend Mns Lobbying Non Tx:	0
Share Of Excess Lobbying:	0

Affiliated Group Business Name:	KVC BEHAVIORAL HEALTHCARE KE
Address. Either US or Foreign Type:	900 BEASLEY STREET LEXINGTON, KY 40509
EIN:	27-0795565
Electing Organization Checkbox:	☑
Total Grassroots Lobbying:	0
Total Direct Lobbying:	0
Total Lobbying Expenditures:	0
Other Exempt Purpose Expenditures:	4,779,543
Total Exempt Purpose Expenditures:	4,779,543
Lobbying Nontaxable Amount:	388,977
Grassroots Nontaxable Amount:	97,244
Tot Lobbying Grassroot Minus Non Tx:	0
Tot Lobby Expend Mns Lobbying Non Tx:	0
Share Of Excess Lobbying:	0

Affiliated Group Business Name:	KVC BEHAVIORAL HEALTHCARE NE
Address. Either US or Foreign Type:	10909 MILL VALLEY ROAD OMAHA, NE 68154
EIN:	27-0408957
Electing Organization Checkbox:	☑
Total Grassroots Lobbying:	0
Total Direct Lobbying:	8,775
Total Lobbying Expenditures:	8,775
Other Exempt Purpose Expenditures:	70,909,548
Total Exempt Purpose Expenditures:	70,918,323
Lobbying Nontaxable Amount:	1,000,000
Grassroots Nontaxable Amount:	250,000
Tot Lobbying Grassroot Minus Non Tx:	0
Tot Lobby Expend Mns Lobbying Non Tx:	0
Share Of Excess Lobbying:	0

Affiliated Group Business Name:	KVC HOSPITALS INC
Address. Either US or Foreign Type:	21350 W 153RD STREET OLATHE, KS 66061
EIN:	27-1672159
Electing Organization Checkbox:	☑
Total Grassroots Lobbying:	0
Total Direct Lobbying:	0
Total Lobbying Expenditures:	0
Other Exempt Purpose Expenditures:	17,813,666
Total Exempt Purpose Expenditures:	17,813,666
Lobbying Nontaxable Amount:	1,000,000
Grassroots Nontaxable Amount:	250,000
Tot Lobbying Grassroot Minus Non Tx:	0
Tot Lobby Expend Mns Lobbying Non Tx:	0
Share Of Excess Lobbying:	0

Affiliated Group Business Name:		KVC REAL ESTATE HOLDINGS IN
Address. Either US or Foreign Type:		21350 W 153RD STREET OLATHE, KS 66061
EIN:		26-2516519
Electing Organization Checkbox:		☑
Total Grassroots Lobbying:	0	
Total Direct Lobbying:	0	
Total Lobbying Expenditures:	0	
Other Exempt Purpose Expenditures:	567,155	
Total Exempt Purpose Expenditures:	567,155	
Lobbying Nontaxable Amount:	110,073	
Grassroots Nontaxable Amount:	27,518	
Tot Lobbying Grassroot Minus Non Tx:	0	
Tot Lobby Expend Mns Lobbying Non Tx:	0	
Share Of Excess Lobbying:	0	

Affiliated Group Business Name:		KVC FOUNDATION INC
Address. Either US or Foreign Type:		21350 W 153RD STREET OLATHE, KS 66061
EIN:		26-2516476
Electing Organization Checkbox:		☑
Total Grassroots Lobbying:	0	
Total Direct Lobbying:	0	
Total Lobbying Expenditures:	0	
Other Exempt Purpose Expenditures:	23,898	
Total Exempt Purpose Expenditures:	23,898	
Lobbying Nontaxable Amount:	4,780	
Grassroots Nontaxable Amount:	1,195	
Tot Lobbying Grassroot Minus Non Tx:	0	
Tot Lobby Expend Mns Lobbying Non Tx:	0	
Share Of Excess Lobbying:	0	

KVC Health Systems, Inc.

Accountants' Report and Consolidated Financial Statements

June 30, 2011 and 2010

BKD LLP
CPAs & Advisors

KVC Health Systems, Inc.

June 30, 2011 and 2010

Contents

BKD LLP
CPAs & Advisors

1201 Walnut Street, Suite 1700
Kansas City, MO 64106-2216
816 221 6300 Fax 816 221 6380 www.bkd.com

Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
KVC Health Systems, Inc
Olathe, Kansas

We have audited the accompanying consolidated statements of financial position of KVC Health Systems, Inc as of June 30, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended These financial statements are the responsibility of the Organization's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KVC Health Systems, Inc as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole The accompanying supplementary information, including the consolidating information, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities Such information has been subjected to the procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole

BKD, LLP

Kansas City, Missouri
December 1, 2011

KVC Health Systems, Inc.

Consolidated Statements of Financial Position

June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 5,512,778	$ 2,265,038
Accounts receivable, net of allowance, 2011 - $688,000, 2010 - $348,000	7,859,696	7,674,982
Grants receivable	131,187	163,359
Prepaid expenses	1,501,729	548,201
Total current assets	15,005,390	10,651,580
Property and Equipment, net	14,620,746	14,205,845
Other Assets		
Goodwill	661,406	949,600
Deposits and other assets	323,322	227,928
	984,728	1,177,528
Total assets	$ 30,610,864	$ 26,034,953
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,331,031	$ 242,818
Accounts payable	4,570,893	3,010,618
Accrued salaries	3,727,873	2,285,221
Accrued compensated absences	1,227,823	955,493
Other accrued expenses	1,952,244	3,514,823
Deferred revenue	8,112,653	51,139
Total current liabilities	20,922,517	10,060,112
Long-term Debt		
Notes payable	-	956,000
Capital lease obligations	206,862	400,034
	206,862	1,356,034
Total liabilities	21,129,379	11,416,146
Net Assets		
Unrestricted	9,481,485	14,615,807
Temporarily restricted	-	3,000
Total net assets	9,481,485	14,618,807
Total liabilities and net assets	$ 30,610,864	$ 26,034,953

KVC Health Systems, Inc.

Consolidated Statements of Activities

Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Revenues, Gains and Other Support		
Contract family preservation, reintegration and adoption	$ 86,047,436	$ 41,737,085
Child placing services	10,923,871	11,356,795
Inpatient services	14,728,236	11,262,967
Outpatient services	8,516,408	9,225,986
Contributions and grants	3,417,587	1,274,485
Interest income	13,193	63,653
Gain on disposition of assets	1,177,773	-
Miscellaneous	502,076	542,847
Total unrestricted revenues, gains and other support	125,326,580	75,463,818
Operating Expenses		
Client care	117,242,207	68,330,475
Administrative and general	13,011,851	11,633,268
Fund raising	206,844	246,137
Total operating expenses	130,460,902	80,209,880
Change in Unrestricted Net Assets	(5,134,322)	(4,746,062)
Change in Temporarily Restricted Net Assets	(3,000)	-
Change in Net Assets	(5,137,322)	(4,746,062)
Net Assets, Beginning of Year	14,618,807	19,364,869
Net Assets, End of Year	$ 9,481,485	$ 14,618,807

KVC Health Systems, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2011 and 2010

	2011	2010
Operating Activities		
Change in net assets	$ (5,137,322)	$ (4,746,062)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	1,662,208	1,302,600
(Gain) loss on disposition of assets	(1,177,773)	5,226
Goodwill impairment loss	288,194	-
Changes in		
Accounts receivable	(184,714)	(307,278)
Grants receivable	32,172	(117,973)
Prepaid expenses	(953,528)	(93,428)
Other assets	(95,394)	134,864
Accounts payable	1,560,275	39,242
Accrued salaries	1,442,652	1,552,189
Accrued compensated absences	272,330	126,054
Other accrued expenses	(1,562,579)	3,079,812
Deferred revenue	8,061,514	(53,637)
Net cash provided by operating activities	4,208,035	921,609
Investing Activities		
Purchase of property and equipment	(4,155,848)	(5,113,543)
Proceeds from disposition of property and equipment	3,272,504	69,774
Payment for purchase of Kentucky corporation	-	(850,000)
Net cash used in investing activities	(883,344)	(5,893,769)
Financing Activities		
Proceeds from issuance of long-term debt	1,113,835	1,000,000
Principal payments on long-term debt	(1,190,786)	(166,605)
Net cash provided by (used in) financing activities	(76,951)	833,395
Increase (Decrease) in Cash and Cash Equivalents	3,247,740	(4,138,765)
Cash and Cash Equivalents, Beginning of Year	2,265,038	6,403,803
Cash and Cash Equivalents, End of Year	$ 5,512,778	$ 2,265,038
Supplemental Cash Flows Information		
Capital lease obligations incurred for property and equipment	$ 15,992	$ 191,750

KVC Health Systems, Inc.
Notes to Consolidated Financial Statements
June 30, 2011 and 2010

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Principles of Consolidation

KVC Health Systems, Inc is the sole corporate member of the following affiliates, collectively referred to as the Organization

KVC Behavioral HealthCare, Inc

KVC Behavioral HealthCare, Inc is a Kansas not-for-profit organization headquartered in Olathe, Kansas It provides an integrated array of programs for emotionally and behaviorally impaired, abused, neglected, runaway and homeless youth, ages birth to twenty-one, and their families

KVC Behavioral Healthcare West Virginia, Inc

KVC Behavioral Healthcare West Virginia, Inc is a West Virginia not-for-profit organization headquartered in Charleston, West Virginia whose mission and principal activities are to provide an integrated array of programs for emotionally and behaviorally impaired, abused, neglected, runaway and homeless youth, ages birth to twenty-one, and their families

KVC Behavioral Healthcare Kentucky, Inc

KVC Behavioral Healthcare Kentucky, Inc is a Kentucky not-for-profit organization headquartered in Lexington, Kentucky whose mission and principal activities are to provide mental health, educational and case management services to children with mental health needs who are either placed in out-of-home care, hospitalized or who are facing imminent removal from their biological home in the state of Kentucky

KVC Behavioral Healthcare Nebraska, Inc

KVC Behavioral Healthcare Nebraska, Inc is a Nebraska not-for-profit organization headquartered in Omaha, Nebraska whose mission and principal activities are to provide service coordination, foster care, family preservation, and supportive mental health services to the children and families of Nebraska

KVC Hospitals, Inc

KVC Hospitals, Inc is a Kansas not-for-profit organization headquartered in Olathe, Kansas, whose mission and principal activities are to provide psychiatric care to children and adolescents out of facilities in Kansas City, Kansas and Hays, Kansas

KVC Real Estate Holdings, Inc

KVC Real Estate Holdings, Inc is a Kansas not-for-profit organization in Olathe, Kansas The organization was established to own and manage all the buildings and land that help support KVC Health Systems, Inc and its affiliates

KVC Foundation, Inc

KVC Foundation, Inc is a Kansas not-for-profit organization in Olathe, Kansas The Foundation was created to establish an endowment and provide fundraising activities to support the programs of KVC Health Systems, Inc and its affiliates

The accompanying consolidated financial statements include the accounts of KVC Health Systems, Inc , and it affiliates All significant intercompany accounts and transactions have been eliminated in consolidation

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period Actual results could differ from those estimates

Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents At June 30, 2011 and 2010, cash equivalents consisted primarily of money market accounts with banks

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions Effective July 21, 2010, the FDIC's insurance limits were permanently increased to $250,000 At June 30, 2011 the Organization's cash accounts exceeded federally insured limits by approximately $2,989,000, which are secured by assets pledged by the financial institutions on behalf of the Organization

Accounts Receivable

Accounts receivable are stated at the net realizable value, which is the amount management expects to collect from outstanding balances The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions Accounts receivable are ordinarily due 30 days after the issuance of the invoice Accounts past due more than 90 days are considered delinquent Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

The estimated useful lives for each major depreciable classification of property and equipment are as follows

Buildings and leasehold improvements	5-40 years
Furniture and equipment	5-10 years
Computer equipment and vehicles	5 years

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds it fair value

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions Gifts having donor stipulations that are satisfied in the period the gift is received are reported as unrestricted revenue and net assets

Unconditional gifts expected to be collected within one year are reported at their net realizable value Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique The resulting discount is amortized using the level-yield method and is reported as contribution revenue

Goodwill

Goodwill is tested annually for impairment If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value Subsequent increases in goodwill value are not recognized in the financial statements

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of goods and services from various donors It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount For the years ended June 30, 2011 and 2010, $126,072 and $61,920, respectively, was received in in-kind contributions

Deferred Revenue

Revenue from contracts, grants and other miscellaneous fees is deferred and recognized over the periods in which the services are performed

Income Taxes

The Organizations are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, the Organizations are subject to federal income tax on any unrelated business taxable income The Organizations file tax returns in the U S federal jurisdiction With a few exceptions, the Organizations are no longer subject to U S federal examinations by tax authorities for years before 2008

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities Certain costs have been allocated among the program, management and general and fund raising categories based on time expended, usage and other methods

Subsequent Events

Subsequent events have been evaluated through December 1, 2011, which is the date the financial statements were available to be issued

Note 2: Revenue Concentrations – KVC Behavioral HealthCare, Inc.

On July 1, 2005, the Organization was awarded a Foster Care Reintegration Services contract from a state agency to provide foster care services to Region II of the State of Kansas The contract is for a term of four years, with an option to extend the contract for an additional two years

Revenues for the contract amounted to $29,220,926 and $27,212,511, which represents 23% and 36% of the Organization's unrestricted revenues, gains and support for the years ended June 30, 2011 and 2010, respectively Accounts receivable related to the foster care reintegration contract amounted to $2,495,234 and $2,297,920 at June 30, 2011 and 2010, respectively

Note 3: Revenue Concentrations – KVC Behavioral Healthcare West Virginia, Inc.

Medicaid

KVC Behavioral Healthcare West Virginia, Inc provides a substantial amount of its services under Medicaid billed through a state agency During the years ended June 30, 2011 and 2010, fees from Medicaid totaled $4,548,999 and $4,885,158, respectively, which represents 4% and 6% of the Organization's total unrestricted revenue, gains and other support, respectively At June 30, 2011 and 2010, $387,131 and $610,428, respectively, due from Medicaid is included in accounts receivable

Foster Care

KVC Behavioral Healthcare West Virginia, Inc provides a substantial amount of its services for foster care billed to a state agency in West Virginia During the years ended June 30, 2011 and 2010, fees from foster care totaled $5,459,734 and $5,048,800, which represents 4% and 7% of the Organization's total unrestricted revenues, gains and other support, respectively At June 30, 2011 and 2010, $594,111 and $560,264, respectively, due from the state of West Virginia related to foster care is included in accounts receivable

Note 4: Revenue Concentrations – KVC Behavioral Healthcare Nebraska, Inc.

KVC Behavioral Healthcare Nebraska, Inc entered into two contracts with the Department of Health and Human Services of the state of Nebraska (DHHS) to provide foster care services in the regions known as the Eastern Service Area and the Southeast Service Area Both contracts' terms are November 1, 2009 through June 30, 2014

Revenues for the contracts amounted to $56,826,510 and $14,524,574, which represents 45% and 19% of the Organization's unrestricted revenues, gains and support for the years ended June 30, 2011 and 2010, respectively Accounts receivable related to the foster care reintegration contracts amounted to $54,559 and $554,467 at June 30, 2011 and 2010, respectively

Note 5: Revenue Concentrations – KVC Hospitals, Inc.

KVC Hospitals, Inc provides a substantial amount of its services under Medicaid billed through a state agency During the years ended June 30, 2011 and 2010, fees from Medicaid totaled $11,484,587 and $279,002, respectively, which represents 9% and 0 4% of the Organization's total unrestricted revenue, gains and other support, respectively At June 30, 2011 and 2010, $1,708,113 and $289,334, respectively, due from Medicaid is included in accounts receivable

Note 6: Property and Equipment

Property and equipment at June 30 consists of

	2011	2010
Land and land improvements	$ 1,703,701	$ 1,416,447
Buildings and leasehold improvements	15,094,877	14,405,733
Furniture and equipment	4,743,668	4,429,302
Works of art	95,142	95,142
Computer equipment	2,993,141	2,237,941
Vehicles	178,609	184,812
	24,809,138	22,769,377
Less accumulated depreciation and amortization	10,188,392	8,563,532
	$ 14,620,746	$ 14,205,845

Note 7: Line of Credit

The Organization has a $5,000,000 revolving bank line of credit expiring in 2012 At June 30, 2011 and 2010, there were no borrowings against this line The line is collateralized by property and equipment Interest was 4 25% on June 30, 2011 and is payable monthly

Note 8: Long-term Debt

	2011	2010
Note payable, bank (A)	$ 1,113,835	$ -
Note payable, bank (B)	-	1,000,000
Capital lease obligations (C)	424,058	598,852
	1,537,893	1,598,852
Less current maturities	1,331,031	242,818
Noncurrent portion	$ 206,862	$ 1,356,034

(A) Due October 22, 2011, payable in one payment of all outstanding principal plus all accrued interest at 5 5% on the maturity date, secured by property and equipment

(B) Due June 29, 2013, payable in 35 monthly installments of $8,214 and one final payment of $868,957 with interest payable monthly at 5 5%, secured by property and equipment The note was paid off during 2011

(C) Capital leases include leases with varying imputed interest rates from 3 00% to 17 00%, due through 2014, collateralized by equipment

Aggregate annual maturities of long-term debt and payments on capital lease obligations at June 30, 2011, are

	Long-term Debt (Excluding Leases)	Capital Lease Obligations
2012	$ 1,113,835	$ 249,213
2013	-	200,507
2014	-	25,780
	$ 1,113,835	475,500
Less amount representing interest		51,442
Present value of future minimum lease payments		$ 424,058

Property and equipment include the following property under capital leases at June 30

	2011	2010
Equipment	$ 800,870	$ 784,878
Less accumulated depreciation	387,194	190,974
	$ 413,676	$ 593,904

Note 9: Defined Contribution Plan

The Organization has a defined contribution plan (the Plan) covering all full-time employees who have at least one year of service and who are at least 21 years of age Participants receive 20% vesting for each eligible year of service Each year, the Board of Directors determines the amount of the contribution to the Plan Total expenses for the years ended June 30, 2011 and 2010 were approximately $115,000 and $279,000, respectively

Note 10: Related Party Transactions

One of members of the Organization's Board of Directors was one of the owners of the Organization's insurance agency until retiring from the insurance agency in 2010 For the year ended June 30, 2010, expenses for insurance coverage amounted to $1,033,668 All payments for insurance coverage were made directly to the insurance agency and not to the agent

Note 11: Operating Leases

Noncancellable operating leases for office space expire in various years through 2016 These leases generally contain renewal options for periods ranging from one to five years and require the Organization to pay all executory costs (property taxes, maintenance and insurance) Total rental expense for property leases for the years ended June 30, 2011 and 2010 was $2,635,737 and $1,855,015, respectively

Noncancellable operating leases for equipment expire in various years through 2016 Total rental expense for equipment leases for the years ended June 30, 2011 and 2010 was $226,482 and $125,079, respectively

Future minimum lease payments at June 30, 2011, were

	Equipment	Property	Total
2012	$ 188,324	$ 1,934,178	$ 2,122,502
2013	78,489	1,609,734	1,688,223
2014	41,311	718,804	760,115
2015	22,366	224,410	246,776
2016	3,230	8,000	11,230
	$ 333,720	$ 4,495,126	$ 4,828,846

Note 12: Business Acquisition

In 2010, the Organization acquired substantially all of the assets of an organization located in Lexington, Kentucky that provided mental health and educational services to children with mental health needs who are either placed in out-of-home care, hospitalized or who are facing imminent removal from their biological home The Organization paid $850,000 in cash and assumed some minor obligations Goodwill recognized in the transaction amounted to approximately $860,000

Note 13: Current Economic Conditions

The current protracted economic decline continues to present organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of assets, large declines in grants and contributions, constraints on liquidity and difficulty obtaining financing The financial statements have been prepared using values and information currently available to the Organization Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, allowances for accounts receivable and the valuation of intangibles that could negatively impact the Organization's ability to maintain sufficient liquidity

Note 14: Subsequent Event

Subsequent to year end, KVC Real Estate Holdings, Inc sold a building located at 3503 Rainbow Boulevard, Kansas City, Kansas for a purchase price of $3,000,000 For the year ended June 30, 2011, the building's value net of accumulated depreciation recorded by KVC Real Estate Holdings, Inc was approximately $2,725,000

Supplementary Information

KVC Health Systems, Inc.

Consolidating Schedule of Financial Position

June 30, 2011

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	$ 4 119 694	$ 304 506	$ 140 526	$ 340 791	$ 111 453	$ 395 821	$ 9 454	$ 90 533		$ 5 512 778
Accounts receivable net of allowance of $688 000	-	3 056 698	1 060 086	318 370	310 853	3 113 689	-	-		7 859 696
Grants receivable	44 453	25 363	-	-	-	61 371	-	-		131 187
Prepaid expenses	114 314	246 397	271 941	111 043	601 406	149 761	-	6 867		1 501 729
Total current assets	4 278 461	3 632 964	1 472 553	770 204	1 023 712	3 720 642	9 454	97 400		15 005 390
Property and Equipment, net	721 916	452 327	139 038	14 481	1 381 323	1 156 049	-	10 755 612		14 620 746
Other Assets										
Goodwill	-	-	116 406	545 000	-	-	-	-		661 406
Deposits and other assets	112 327	56 206	17 183	5 850	126 756	5 000	-	-		323 322
	112 327	56 206	133 589	550 850	126 756	5 000	-	-		984 728
Total assets	$ 5 112 704	$ 4 141 497	$ 1 745 180	$ 1 335 535	$ 2 531 791	$ 4 881 691	$ 9 454	$ 10 853 012	$ -	$ 30 610 864

KVC Health Systems, Inc.

Consolidating Schedule of Financial Position (Continued)

June 30, 2011

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Current Liabilities										
Current maturities of long-term debt	$ 16 640	$ 83 880	$ 27 002	$ -	$ 36 205	$ 53 469	$ -	$ 1 113 835		$ 1 331 031
Accounts payable	130 878	978 112	262 435	45 999	2 841 037	309 262	-	3 170		4 570 893
Accrued salaries	353 570	667 245	323 774	324 683	1 476 675	581 926	-	-		3 727 873
Accrued compensated absences	152 440	253 350	133 494	82 245	429 385	176 909	-	-		1 227 823
Other accrued expenses	112 858	244 782	310 605	20 966	1 095 066	166 435	-	1 532		1 952 244
Deferred revenue	-	-	-	11 333	8 025 723	75 597	-	-		8 112 653
Total current liabilities	766 386	2 227 369	1 057 310	485 226	13 904 091	1 363 598	-	1 118 537		20 922 517
Long-term Debt										
Capital lease obligations	13 116	65 434	53 129	-	29 744	45 439	-	-		206 862
Total liabilities	779 502	2 292 803	1 110 439	485 226	13 933 835	1 409 037	-	1 118 537		21 129 379
Net Assets (Deficit)										
Unrestricted	4 333 202	1 848 694	634 741	850 309	(11 402 044)	3 472 654	9 454	9 734 475		9 481 485
Total net assets (deficit)	4 333 202	1 848 694	634 741	850 309	(11 402 044)	3 472 654	9 454	9 734 475		9 481 485
Total liabilities and net assets	$ 5 112 704	$ 4 141 497	$ 1 745 180	$ 1 335 535	$ 2 531 791	$ 4 881 691	$ 9 454	$ 10 853 012	$ -	$ 30 610 864

KVC Health Systems, Inc.

Consolidating Schedule of Activities

Year Ended June 30, 2011

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support										
Contract family preservation, reintegration and adoption	$ -	$ 29 220 926	$ -	$ -	$ 56 826 510	$ -	$ -	$ -		$ 86 047 436
Child placing services	-	4 215 138	5 459 734	-	1 248 999	-	-	-		10 923 871
Inpatient services	-	-	-	-	-	15 547 001	-	-	$ (818 765)	14 728 236
Outpatient services	-	67 054	5 407 262	3 042 092	-	-	-	-		8 516 408
Contributions and grants	451 802	285 171	80 889	493 441	21 479	396 604	38 201	1 650 000		3 417 587
Interest income	3 757	2 929	-	618	3 408	1 387	19	1 075		13 193
Gain on disposition of assets	-	-	-	-	-	-	-	1 177 773		1 177 773
Miscellaneous	266 070	112 536	101 731	9 452	6 212	-	-	5 955	120	502 076
Management fee	7 668 000	647 700	-	55 800	10 725	51 000	-	-	(8 433 225)	-
Intercompany rent	-	-	-	-	-	-	-	1 393 200	(1 393 200)	-
Total unrestricted revenues gains and other support	8 389 629	34 551 454	11 049 616	3 601 403	58 117 333	15 995 992	38 220	4 228 003	(10 645 070)	125 326 580
Operating Expenses										
Client care	-	24 468 409	9 214 369	4 032 034	64 997 076	16 173 364	-	-	(1 643 045)	117 242 207
Administrative and general	8 208 485	3 624 909	1 305 533	747 509	5 916 983	1 640 302	-	567 155	(8 999 025)	13 011 851
Fund raising	181 682	-	-	-	4 264	-	23 898	-	(3 000)	206 844
Total operating expenses	8 390 167	28 093 318	10 519 902	4 779 543	70 918 323	17 813 666	23 898	567 155	(10 645 070)	130 460 902
Operating Income (Loss)	(538)	6 458 136	529 714	(1 178 140)	(12 800 990)	(1 817 674)	14 322	3 660 848	-	(5 134 322)
Other Income (Expense)										
Intercompany transfers	4 129 604	(7 987 704)	(543 695)	704 071	3 640 949	3 574 055	(7 221)	(3 510 059)	-	-
Change in Unrestricted Net Assets	4 129 066	(1 529 568)	(13 981)	(474 069)	(9 160 041)	1 756 381	7 101	150 789	-	(5 134 322)
Change in Temporarily Restricted Net Assets	-	(3 000)	-	-	-	-	-	-	-	(3 000)
Change in Net Assets	4 129 066	(1 532 568)	(13 981)	(474 069)	(9 160 041)	1 756 381	7 101	150 789	-	(5 137 322)
Net Assets (Deficit), Beginning of Year	204 136	3 381 262	648 722	1 324 378	(2 242 003)	1 716 273	2 353	9 583 686	-	14 618 807
Net Assets (Deficit), End of Year	$ 4 333 202	$ 1 848 694	$ 634 741	$ 850 309	$ (11 402 044)	$ 3 472 654	$ 9 454	$ 9 734 475	$ -	$ 9 481 485

KVC Health Systems, Inc.

Consolidating Schedule of Financial Position

June 30, 2010

	KVC Health Systems, Inc.	KVC Behavioral HealthCare, Inc.	KVC Behavioral Healthcare West Virginia, Inc.	KVC Behavioral Healthcare Kentucky, Inc.	KVC Behavioral Healthcare Nebraska, Inc.	KVC Hospitals, Inc.	KVC Foundation, Inc.	KVC Real Estate Holdings, Inc.	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	$ 406,880	$ 523,875	$ 192,126	$ 523,007	$ 124,705	$ 355,699	$ 2,353	$ 136,393		$ 2,265,038
Accounts receivable, net of allowance of $348,000	-	4,897,172	1,325,119	241,388	554,467	646,836	-	10,000		7,674,982
Grants receivable	-	46,544	-	-	-	116,815	-	-		163,359
Prepaid expenses	64,424	201,338	141,467	20,922	95,665	16,865	-	7,520		548,201
Total current assets	471,304	5,668,929	1,658,712	785,317	774,837	1,136,215	2,353	153,913		10,651,580
Property and Equipment, net	483,709	868,430	135,226	3,400	1,320,368	964,879	-	10,429,833		14,205,845
Other Assets										
Goodwill	-	-	116,406	833,194	-	-	-	-		949,600
Deposits and other assets	-	81,863	13,408	4,000	123,657	5,000	-	-		227,928
	-	81,863	129,814	837,194	123,657	5,000	-	-		1,177,528
Total assets	$ 955,013	$ 6,619,222	$ 1,923,752	$ 1,625,911	$ 2,218,862	$ 2,106,094	$ 2,353	$ 10,583,746	$ -	$ 26,034,953

KVC Health Systems, Inc.

Consolidating Schedule of Financial Position (Continued)

June 30, 2010

	KVC Health Systems, Inc	KVC Behavioral HealthCare, Inc	KVC Behavioral Healthcare West Virginia, Inc	KVC Behavioral Healthcare Kentucky, Inc	KVC Behavioral Healthcare Nebraska, Inc	KVC Hospitals, Inc	KVC Foundation, Inc	KVC Real Estate Holdings, Inc	Eliminations	Consolidated
Current Liabilities										
Current maturities of long-term debt	$ 15 892	$ 83 192	$ 23 033	$ -	$ 29 509	$ 47 192	$ -	$ 44 000		$ 242 818
Accounts payable	70 082	1 185 309	743 137	218 304	733 845	59 881	-	60		3 010 618
Accrued salaries	287 442	807 960	254 922	-	795 682	139 215	-	-		2 285 221
Accrued compensated absences	147 023	432 980	144 303	34 424	182 503	14 260	-	-		955 493
Other accrued expenses	200 554	549 793	44 500	48 805	2 663 341	7 830	-	-		3 514 823
Deferred revenue	-	21 998	-	-	-	29 141	-	-		51 139
Total current liabilities	720 993	3 081 232	1 209 895	301 533	4 404 880	297 519	-	44 060		10 060 112
Long-term Debt										
Notes payable	-	-	-	-	-	-	-	956 000		956 000
Capital lease obligations	29 884	156 728	65 135	-	55 985	92 302	-	-		400 034
	29 884	156 728	65 135	-	55 985	92 302	-	956 000		1 356 034
Total liabilities	750 877	3 237 960	1 275 030	301 533	4 460 865	389 821	-	1 000 060		11 416 146
Net Assets (Deficit)										
Unrestricted	204 136	3 378 262	648 722	1 324 378	(2 242 003)	1 716 273	2 353	9 583 686		14 615 807
Temporarily restricted	-	3 000	-	-	-	-	-	-		3 000
Total net assets (deficit)	204 136	3 381 262	648 722	1 324 378	(2 242 003)	1 716 273	2 353	9 583 686		14 618 807
Total liabilities and net assets	$ 955 013	$ 6 619 222	$ 1 923 752	$ 1 625 911	$ 2 218 862	$ 2 106 094	$ 2 353	$ 10 583 746	$ -	$ 26 034 953

KVC Health Systems, Inc.

Consolidating Schedule of Activities

Year Ended June 30, 2010

	KVC Health Systems, Inc.	KVC Behavioral HealthCare, Inc.	KVC Behavioral Healthcare West Virginia, Inc.	KVC Behavioral Healthcare Kentucky, Inc.	KVC Behavioral Healthcare Nebraska, Inc.	KVC Hospitals, Inc.	KVC Foundation, Inc.	KVC Real Estate Holdings, Inc.	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support										
Contract family preservation, reintegration and adoption	$ -	$ 27 212 511	$ -	$ -	$ 14 524 574	$ -	$ -	$ -		$ 41 737 085
Child placing services	-	5 455 761	5 048 800	-	852 234	-	-	-		11 356 795
Inpatient services	-	10 593 148	-	-	-	669 819	-	-		11 262 967
Outpatient services	-	1 400 229	5 976 144	1 849 613	-	-	-	-		9 225 986
Contributions and grants	125 327	922 018	66 001	-	5 754	153 200	2 185	-		1 274 485
Interest income	33 354	14 978	-	920	6 626	381	45	7 349		63 653
Miscellaneous	194 729	183 028	55 679	88 216	517	-	-	20 678		542 847
Management fee	7 160 000	186 000	-	-	-	-	-	-	$ (7 346 000)	-
Intercompany rent	-	-	-	-	-	-	-	1 158 000	(1 158 000)	-
Total unrestricted revenues gains and other support	7 513 410	45 967 673	11 146 624	1 938 749	15 389 705	823 400	2 230	1 186 027	(8 504 000)	75 463 818
Operating Expenses										
Client care	-	37 722 911	9 300 598	1 788 808	19 280 890	839 668	-	-	(602 400)	68 330 475
Administrative and general	7 323 710	6 872 422	1 718 444	521 698	2 553 286	60 360	21 315	463 633	(7 901 600)	11 633 268
Fund raising	239 922	-	-	-	-	-	6 215	-	-	246 137
Total operating expenses	7 563 632	44 595 333	11 019 042	2 310 506	21 834 176	900 028	27 530	463 633	(8 504 000)	80 209 880
Operating Income (Loss)	(50 222)	1 372 340	127 582	(371 757)	(6 444 471)	(76 628)	(25 300)	722 394	-	(4 746 062)
Other Income (Expense)										
Intercompany transfers	(4 624 961)	(2 886 272)	(105 198)	1 696 135	4 202 468	1 792 901	19 009	(94 082)	-	-
Change in Unrestricted Net Assets	(4 675 183)	(1 513 932)	22 384	1 324 378	(2 242 003)	1 716 273	(6 291)	628 312	-	(4 746 062)
Net Assets, Beginning of Year	4 879 319	4 895 194	626 338	-	-	-	8 644	8 955 374	-	19 364 869
Net Assets (Deficit), End of Year	$ 204 136	$ 3 381 262	$ 648 722	$ 1 324 378	$ (2 242 003)	$ 1 716 273	$ 2 353	$ 9 583 686	$ -	$ 14 618 807

KVC Health Systems, Inc.

Consolidated Functional Expenses

Year Ended June 30, 2011

(with Comparative Totals for 2010)

	Client Care	Administrative and General	Fund Raising	Total Expenses	2010 Total Expenses
Salaries and wages	$ 40.220.758	$ 6.189.851	$ 97.364	$ 46.507.973	$ 30.032.959
Payroll taxes	3.500.522	493.625	8.588	4.002.735	2.455.562
Employee benefits	4.444.869	674.887	17.609	5.137.365	3.179.646
Total salaries, wages and related expenses	48.166.149	7.358.363	123.561	55.648.073	35.668.167
Office supplies and printing	330.579	122.310	10.279	463.168	396.128
Copier and fax expense	151.044	80.412	-	231.456	214.996
Postage	66.683	46.841	15	113.539	113.465
Employee recruitment and advertising	155.782	106.436	-	262.218	291.490
Licenses and dues	141.388	105.446	275	247.109	202.713
Insurance	-	606.405	-	606.405	1.033.667
Travel	3.804.537	206.376	-	4.010.913	2.251.094
Telephone	1.244.804	291.744	-	1.536.548	963.934
Professional fees	174.150	563.226	-	737.376	613.461
Contract labor	339.988	157.398	16.767	514.153	280.169
Contract psychiatrist	1.543.452	-	-	1.543.452	1.400.177
Consulting and other contractual expenses	10.105.467	449.481	-	10.554.948	5.168.068
Staff development	140.967	279.978	-	420.945	286.142
Promotion	35.600	55.800	367	91.767	103.777
Office rent	3.308.104	720.833	-	4.028.937	3.000.316
Equipment expenses	115.737	139.409	401	255.547	360.163
Maintenance and repairs	321.560	74.754	-	396.314	377.521
Safety services and materials	80.395	21.980	-	102.375	77.198
Food	534.555	14.941	-	549.496	335.344
Food – outings	82.770	39.395	31.184	153.349	121.284
Housekeeping supplies	76.912	6.168	-	83.080	55.252
Miscellaneous housekeeping	416.778	112.181	-	528.959	423.084
Utilities	327.143	119.398	-	446.541	329.371
Payments to foster parents	16.553.288	196	-	16.553.484	11.802.572
Subcontractor – foster home payments	12.520.065	-	-	12.520.065	6.554.289
Foster family training	221.946	129.109	-	351.055	196.026
Subcontractor payments	12.035.711	-	-	12.035.711	4.288.585
Child care payments	980.081	-	-	980.081	777.845
Incidentals	1.366	-	-	1.366	587
Medical supplies	603.005	-	-	603.005	305.903
Vehicle expenses and repairs	207.272	11.798	-	219.070	78.178
Vehicle rental	909.723	11.538	-	921.261	399.946
General program supplies	129.361	11.528	-	140.889	127.187
Clothing	532.136	-	-	532.136	370.345
Miscellaneous	73.371	34.080	23.995	131.446	162.913
Interest	-	148.205	-	148.205	32.704
Bad debts	-	485.236	-	485.236	440.517
Property tax expense	2.289	39.021	-	41.310	29.714
Cost of in-kind donated goods	23.285	102.787	-	126.072	61.920
Medicaid assessments	101.924	-	-	101.924	116.686
Flex fund	447.198	-	-	447.198	208.679
Kids activity fund	37.518	-	-	37.518	43.703
Loss on impairment of assets	-	288.194	-	288.194	-
Expenses before depreciation, amortization and intercompany fees	117.044.083	12.940.967	206.844	130.191.894	80.065.280
Depreciation and amortization	1.022.524	639.684	-	1.662.208	1.302.600
Intercompany management and residential fees	818.645	8.430.225	3.000	9.251.870	7.346.000
Eliminations	(1.643.045)	(8.999.025)	(3.000)	(10.645.070)	(8.504.000)
Totals, Year Ended June 30, 2011	$ 117.242.207	$ 13.011.851	$ 206.844	$ 130.460.902	$ 80.209.880
Totals, Year Ended June 30, 2010	$ 68.330.475	$ 11.633.268	$ 246.137		$ 80.209.880

KVC Health Systems, Inc.

Functional Expenses – KVC Health Systems, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ -	$ 4,166,567	$ 97,364	$ 4,263,931
Payroll taxes	-	317,262	8,588	325,850
Employee benefits	-	404,622	17,609	422,231
Total salaries, wages and related expenses	-	4,888,451	123,561	5,012,012
Office supplies and printing	-	78,606	8,150	86,756
Copier and fax expense	-	58,822	-	58,822
Postage	-	27,556	-	27,556
Employee recruitment and advertising	-	101,644	-	101,644
Licenses and dues	-	84,899	-	84,899
Insurance	-	39,297	-	39,297
Travel	-	88,435	-	88,435
Telephone	-	199,939	-	199,939
Professional fees	-	533,815	-	533,815
Contract labor	-	157,398	16,767	174,165
Contract psychiatrist	-	-	-	-
Consulting and other contractual expenses	-	289,767	-	289,767
Staff development	-	253,718	-	253,718
Promotion	-	29,437	125	29,562
Office rent	-	507,202	-	507,202
Equipment expenses	-	107,240	401	107,641
Maintenance and repairs	-	65,811	-	65,811
Safety services and materials	-	13,753	-	13,753
Food	-	118	-	118
Food – outings	-	28,329	31,184	59,513
Housekeeping supplies	-	6,110	-	6,110
Miscellaneous housekeeping	-	108,583	-	108,583
Utilities	-	112,982	-	112,982
Payments to foster parents	-	196	-	196
Subcontractor – foster home payments	-	-	-	-
Foster family training	-	129,069	-	129,069
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	-	4,094	-	4,094
Vehicle rental	-	7,683	-	7,683
General program supplies	-	3,393	-	3,393
Clothing	-	-	-	-
Miscellaneous	-	14,347	1,494	15,841
Interest	-	56,347	-	56,347
Bad debts	-	-	-	-
Property tax expense	-	84	-	84
Cost of in-kind donated goods	-	-	-	-
Medicaid assessments	-	-	-	-
Flex fund	-	-	-	-
Kids activity fund	-	-	-	-
Loss on impairment of assets	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	-	7,997,125	181,682	8,178,807
Depreciation and amortization	-	211,360	-	211,360
Intercompany management and residential fees	-	-	-	-
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ -	$ 8,208,485	$ 181,682	$ 8,390,167

KVC Health Systems, Inc.

Functional Expenses – KVC Behavioral HealthCare, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ 7,367,461	$ 734,457	$ -	$ 8,101,918
Payroll taxes	653,388	68,541	-	721,929
Employee benefits	953,281	103,084	-	1,056,365
Total salaries, wages and related expenses	8,974,130	906,082	-	9,880,212
Office supplies and printing	79,933	3,430	-	83,363
Copier and fax expense	36,085	1,789	-	37,874
Postage	28,420	3,456	-	31,876
Employee recruitment and advertising	24,567	-	-	24,567
Licenses and dues	24,270	11	-	24,281
Insurance	-	195,717	-	195,717
Travel	743,104	1,985	-	745,089
Telephone	300,695	7,604	-	308,299
Professional fees	10,894	-	-	10,894
Contract labor	2,152	-	-	2,152
Contract psychiatrist	-	-	-	-
Consulting and other contractual expenses	592,518	3,881	-	596,399
Staff development	44,016	466	-	44,482
Promotion	12,883	-	-	12,883
Office rent	715,213	39,000	-	754,213
Equipment expenses	47,285	4,342	-	51,627
Maintenance and repairs	64,100	-	-	64,100
Safety services and materials	20,780	-	-	20,780
Food	16,349	40	-	16,389
Food – outings	19,923	810	-	20,733
Housekeeping supplies	9,651	-	-	9,651
Miscellaneous housekeeping	50,335	-	-	50,335
Utilities	116,588	-	-	116,588
Payments to foster parents	7,386,387	-	-	7,386,387
Subcontractor – foster home payments	2,138,828	-	-	2,138,828
Foster family training	93,324	-	-	93,324
Subcontractor payments	794,295	-	-	794,295
Child care payments	979,577	-	-	979,577
Incidentals	371	-	-	371
Medical supplies	17,880	-	-	17,880
Vehicle expenses and repairs	85,263	-	-	85,263
Vehicle rental	162,628	79	-	162,707
General program supplies	22,760	-	-	22,760
Clothing	322,572	-	-	322,572
Miscellaneous	13,331	997	-	14,328
Interest	-	10,873	-	10,873
Bad debts	-	-	-	-
Property tax expense	327	-	-	327
Cost of in-kind donated goods	12,285	95,463	-	107,748
Medicaid assessments	-	-	-	-
Flex fund	131,519	-	-	131,519
Kids activity fund	35,526	-	-	35,526
Loss on impairment of assets	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	24,130,764	1,276,025	-	25,406,789
Depreciation and amortization	166,400	17,159	-	183,559
Intercompany management and residential fees	171,245	2,331,725	-	2,502,970
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ 24,468,409	$ 3,624,909	$ -	$ 28,093,318

KVC Health Systems, Inc.

Functional Expenses – KVC Behavioral Healthcare West Virginia, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ 3,922,000	$ 325,528	$ -	$ 4,247,528
Payroll taxes	247,756	20,779	-	268,535
Employee benefits	490,984	65,894	-	556,878
Total salaries, wages and related expenses	4,660,740	412,201	-	5,072,941
Office supplies and printing	49,290	25,275	-	74,565
Copier and fax expense	28,593	9,062	-	37,655
Postage	3,979	5,064	-	9,043
Employee recruitment and advertising	15,523	1,373	-	16,896
Licenses and dues	33,279	6,961	-	40,240
Insurance	-	52,338	-	52,338
Travel	538,387	59,316	-	597,703
Telephone	78,707	33,280	-	111,987
Professional fees	-	2,699	-	2,699
Contract labor	-	-	-	-
Contract psychiatrist	150,170	-	-	150,170
Consulting and other contractual expenses	18,974	79,600	-	98,574
Staff development	6,270	9,574	-	15,844
Promotion	2,356	8,907	-	11,263
Office rent	326,478	102,957	-	429,435
Equipment expenses	23,873	16,341	-	40,214
Maintenance and repairs	16,013	2,401	-	18,414
Safety services and materials	8,959	6,693	-	15,652
Food	4,299	14,600	-	18,899
Food – outings	-	-	-	-
Housekeeping supplies	3,118	58	-	3,176
Miscellaneous housekeeping	39,346	-	-	39,346
Utilities	34,980	(596)	-	34,384
Payments to foster parents	2,931,206	-	-	2,931,206
Subcontractor – foster home payments	-	-	-	-
Foster family training	39,434	40	-	39,474
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	1,752	6,198	-	7,950
Vehicle rental	658	2,977	-	3,635
General program supplies	5,159	6,897	-	12,056
Clothing	90,000	-	-	90,000
Miscellaneous	14,841	14,338	-	29,179
Interest	-	15,795	-	15,795
Bad debts	-	184,314	-	184,314
Property tax expense	704	20,450	-	21,154
Cost of in-kind donated goods	-	7,324	-	7,324
Medicaid assessments	87,281	-	-	87,281
Flex fund	-	-	-	-
Kids activity fund	-	-	-	-
Loss on impairment of assets	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	9,214,369	1,106,437	-	10,320,806
Depreciation and amortization	-	50,296	-	50,296
Intercompany management and residential fees	-	148,800	-	148,800
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ 9,214,369	$ 1,305,533	$ -	$ 10,519,902

KVC Health Systems, Inc.

Functional Expenses – KVC Behavioral Healthcare Kentucky, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ 3,022,965	$ 201,739	$ -	$ 3,224,704
Payroll taxes	246,557	18,725	-	265,282
Employee benefits	208,562	20,159	-	228,721
Total salaries, wages and related expenses	3,478,084	240,623	-	3,718,707
Office supplies and printing	11,852	1,733	-	13,585
Copier and fax expense	931	8,767	-	9,698
Postage	1,821	2,584	-	4,405
Employee recruitment and advertising	1,120	3,419	-	4,539
Licenses and dues	24,933	6,553	-	31,486
Insurance	-	18,497	-	18,497
Travel	99,424	4,939	-	104,363
Telephone	61,704	20,802	-	82,506
Professional fees	-	22,738	-	22,738
Contract labor	-	-	-	-
Contract psychiatrist	142,033	-	-	142,033
Consulting and other contractual expenses	9,054	3,488	-	12,542
Staff development	7,580	8,246	-	15,826
Promotion	2,925	3,000	-	5,925
Office rent	72,811	30,442	-	103,253
Equipment expenses	10,925	604	-	11,529
Maintenance and repairs	2,872	5,241	-	8,113
Safety services and materials	458	1,534	-	1,992
Food	-	-	-	-
Food – outings	16,616	7,639	-	24,255
Housekeeping supplies	3,156	-	-	3,156
Miscellaneous housekeeping	13	3,365	-	3,378
Utilities	1,760	7,012	-	8,772
Payments to foster parents	24,163	-	-	24,163
Subcontractor – foster home payments	-	-	-	-
Foster family training	-	-	-	-
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	7,742	644	-	8,386
Vehicle rental	7,935	395	-	8,330
General program supplies	12,384	-	-	12,384
Clothing	-	-	-	-
Miscellaneous	1,538	2,471	-	4,009
Interest	-	-	-	-
Bad debts	-	9,682	-	9,682
Property tax expense	-	-	-	-
Cost of in-kind donated goods	11,000	-	-	11,000
Medicaid assessments	-	-	-	-
Flex fund	17,200	-	-	17,200
Kids activity fund	-	-	-	-
Loss on impairment of assets	-	288,194	-	288,194
Expenses before depreciation, amortization and intercompany fees	4,032,034	702,612	-	4,734,646
Depreciation and amortization	-	2,897	-	2,897
Intercompany management and residential fees	-	42,000	-	42,000
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ 4,032,034	$ 747,509	$ -	$ 4,779,543

KVC Health Systems, Inc.

Functional Expenses – KVC Behavioral Healthcare Nebraska, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ 17,379,537	$ 761,560	$ -	$ 18,141,097
Payroll taxes	1,603,762	68,318	-	1,672,080
Employee benefits	1,933,423	81,128	-	2,014,551
Total salaries, wages and related expenses	20,916,722	911,006	-	21,827,728
Office supplies and printing	116,670	13,266	-	129,936
Copier and fax expense	47,538	1,972	-	49,510
Postage	19,536	8,181	-	27,717
Employee recruitment and advertising	110,020	-	-	110,020
Licenses and dues	17,650	6,048	-	23,698
Insurance	-	196,458	-	196,458
Travel	2,289,411	51,701	-	2,341,112
Telephone	674,435	30,119	-	704,554
Professional fees	89,841	-	-	89,841
Contract labor	6,506	-	-	6,506
Contract psychiatrist	15,929	-	-	15,929
Consulting and other contractual expenses	8,721,677	3,000	-	8,724,677
Staff development	43,199	7,974	-	51,173
Promotion	15,186	14,456	-	29,642
Office rent	1,418,402	41,232	-	1,459,634
Equipment expenses	13,303	10,882	-	24,185
Maintenance and repairs	11,320	741	-	12,061
Safety services and materials	12,080	-	-	12,080
Food	6,526	183	-	6,709
Food – outings	26,898	2,617	-	29,515
Housekeeping supplies	1,838	-	-	1,838
Miscellaneous housekeeping	21,856	233	-	22,089
Utilities	23,891	-	-	23,891
Payments to foster parents	6,211,532	-	-	6,211,532
Subcontractor – foster home payments	10,381,237	-	-	10,381,237
Foster family training	89,188	-	-	89,188
Subcontractor payments	11,241,416	-	-	11,241,416
Child care payments	504	-	-	504
Incidentals	-	-	-	-
Medical supplies	134,394	-	-	134,394
Vehicle expenses and repairs	86,817	862	-	87,679
Vehicle rental	732,945	404	-	733,349
General program supplies	20,827	1,238	-	22,065
Clothing	91,070	-	-	91,070
Miscellaneous	30,413	803	4,264	35,480
Interest	-	5,979	-	5,979
Bad debts	-	30,428	-	30,428
Property tax expense	-	-	-	-
Cost of in-kind donated goods	-	-	-	-
Medicaid assessments	-	-	-	-
Flex fund	297,977	-	-	297,977
Kids activity fund	307	-	-	307
Loss on impairment of assets	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	63,939,061	1,339,783	4,264	65,283,108
Depreciation and amortization	410,615	-	-	410,615
Intercompany management and residential fees	647,400	4,577,200	-	5,224,600
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ 64,997,076	$ 5,916,983	$ 4,264	$ 70,918,323

KVC Health Systems, Inc.

Functional Expenses – KVC Hospitals, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ 8,528,795	$ -	$ -	$ 8,528,795
Payroll taxes	749,059	-	-	749,059
Employee benefits	858,619	-	-	858,619
Total salaries, wages and related expenses	10,136,473	-	-	10,136,473
Office supplies and printing	72,834	-	-	72,834
Copier and fax expense	37,897	-	-	37,897
Postage	12,927	-	-	12,927
Employee recruitment and advertising	4,552	-	-	4,552
Licenses and dues	41,256	-	-	41,256
Insurance	-	83,794	-	83,794
Travel	134,211	-	-	134,211
Telephone	129,263	-	-	129,263
Professional fees	73,415	-	-	73,415
Contract labor	331,330	-	-	331,330
Contract psychiatrist	1,235,320	-	-	1,235,320
Consulting and other contractual expenses	763,244	-	-	763,244
Staff development	39,902	-	-	39,902
Promotion	2,250	-	-	2,250
Office rent	775,200	-	-	775,200
Equipment expenses	20,351	-	-	20,351
Maintenance and repairs	227,255	-	-	227,255
Safety services and materials	38,118	-	-	38,118
Food	507,381	-	-	507,381
Food – outings	19,333	-	-	19,333
Housekeeping supplies	59,149	-	-	59,149
Miscellaneous housekeeping	305,228	-	-	305,228
Utilities	149,924	-	-	149,924
Payments to foster parents	-	-	-	-
Subcontractor – foster home payments	-	-	-	-
Foster family training	-	-	-	-
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	995	-	-	995
Medical supplies	450,731	-	-	450,731
Vehicle expenses and repairs	25,698	-	-	25,698
Vehicle rental	5,557	-	-	5,557
General program supplies	68,231	-	-	68,231
Clothing	28,494	-	-	28,494
Miscellaneous	13,248	1,047	-	14,295
Interest	-	9,149	-	9,149
Bad debts	-	260,812	-	260,812
Property tax expense	1,258	-	-	1,258
Cost of in-kind donated goods	-	-	-	-
Medicaid assessments	14,643	-	-	14,643
Flex fund	502	-	-	502
Kids activity fund	1,685	-	-	1,685
Loss on impairment of assets	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	15,727,855	354,802	-	16,082,657
Depreciation and amortization	445,509	-	-	445,509
Intercompany management and residential fees	-	1,285,500	-	1,285,500
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ 16,173,364	$ 1,640,302	$ -	$ 17,813,666

KVC Health Systems, Inc.

Functional Expenses – KVC Foundation, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ -	$ -	$ -	$ -
Payroll taxes	-	-	-	-
Employee benefits	-	-	-	-
Total salaries, wages and related expenses	-	-	-	-
Office supplies and printing	-	-	2,129	2,129
Copier and fax expense	-	-	-	-
Postage	-	-	15	15
Employee recruitment and advertising	-	-	-	-
Licenses and dues	-	-	275	275
Insurance	-	-	-	-
Travel	-	-	-	-
Telephone	-	-	-	-
Professional fees	-	-	-	-
Contract labor	-	-	-	-
Contract psychiatrist	-	-	-	-
Consulting and other contractual expenses	-	-	-	-
Staff development	-	-	-	-
Promotion	-	-	242	242
Office rent	-	-	-	-
Equipment expenses	-	-	-	-
Maintenance and repairs	-	-	-	-
Safety services and materials	-	-	-	-
Food	-	-	-	-
Food – outings	-	-	-	-
Housekeeping supplies	-	-	-	-
Miscellaneous housekeeping	-	-	-	-
Utilities	-	-	-	-
Payments to foster parents	-	-	-	-
Subcontractor – foster home payments	-	-	-	-
Foster family training	-	-	-	-
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	-	-	-	-
Vehicle rental	-	-	-	-
General program supplies	-	-	-	-
Clothing	-	-	-	-
Miscellaneous	-	-	18,237	18,237
Interest	-	-	-	-
Bad debts	-	-	-	-
Property tax expense	-	-	-	-
Cost of in-kind donated goods	-	-	-	-
Medicaid assessments	-	-	-	-
Flex fund	-	-	-	-
Kids activity fund	-	-	-	-
Loss on impairment of assets	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	-	-	20,898	20,898
Depreciation and amortization	-	-	-	-
Intercompany management and residential fees	-	-	3,000	3,000
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ -	$ -	$ 23,898	$ 23,898

KVC Health Systems, Inc.

Functional Expenses – KVC Real Estate Holdings, Inc.

Year Ended June 30, 2011

	Client Care	Administrative and General	Fund Raising	Total Expenses
Salaries and wages	$ -	$ -	$ -	$ -
Payroll taxes	-	-	-	-
Employee benefits	-	-	-	-
Total salaries, wages and related expenses	-	-	-	-
Office supplies and printing	-	-	-	-
Copier and fax expense	-	-	-	-
Postage	-	-	-	-
Employee recruitment and advertising	-	-	-	-
Licenses and dues	-	974	-	974
Insurance	-	20,304	-	20,304
Travel	-	-	-	-
Telephone	-	-	-	-
Professional fees	-	3,974	-	3,974
Contract labor	-	-	-	-
Contract psychiatrist	-	-	-	-
Consulting and other contractual expenses	-	69,745	-	69,745
Staff development	-	-	-	-
Promotion	-	-	-	-
Office rent	-	-	-	-
Equipment expenses	-	-	-	-
Maintenance and repairs	-	560	-	560
Safety services and materials	-	-	-	-
Food	-	-	-	-
Food – outings	-	-	-	-
Housekeeping supplies	-	-	-	-
Miscellaneous housekeeping	-	-	-	-
Utilities	-	-	-	-
Payments to foster parents	-	-	-	-
Subcontractor – foster home payments	-	-	-	-
Foster family training	-	-	-	-
Subcontractor payments	-	-	-	-
Child care payments	-	-	-	-
Incidentals	-	-	-	-
Medical supplies	-	-	-	-
Vehicle expenses and repairs	-	-	-	-
Vehicle rental	-	-	-	-
General program supplies	-	-	-	-
Clothing	-	-	-	-
Miscellaneous	-	77	-	77
Interest	-	50,062	-	50,062
Bad debts	-	-	-	-
Property tax expense	-	18,487	-	18,487
Cost of in-kind donated goods	-	-	-	-
Medicaid assessments	-	-	-	-
Flex fund	-	-	-	-
Kids activity fund	-	-	-	-
Loss on impairment of assets	-	-	-	-
Expenses before depreciation, amortization and intercompany fees	-	164,183	-	164,183
Depreciation and amortization	-	357,972	-	357,972
Intercompany management and residential fees	-	45,000		45,000
Eliminations	-	-	-	-
Totals, Year Ended June 30, 2011	$ -	$ 567,155	$ -	$ 567,155

KVC Health Systems, Inc.

Schedule of Revenue and Expenses for
Kansas Department of Social and Rehabilitation Services
Reintegration/Foster Care Services – Region 2
Year Ended June 30, 2011

Revenue	
SRS contract	$ 29,220,926
Contributions	422,130
Other - interest and miscellaneous	74,468
Total revenue	29,717,524
Expenses	
Administration	
Salaries and wages (including taxes and benefits)	1,216,615
Rent and utilities	133,650
Contractual	121,544
Other	467,712
Total administration	1,939,521
Case management	
Salaries and wages (including taxes and benefits)	6,973,578
Other - all other case management expenses	1,653,393
Total case management	8,626,971
Mental health	474,473
Independent living	10,374
Child care	979,577
Residential	
Foster care and relatives	4,903,460
Diversion foster care	4,338,538
Level IV and emergency shelters	876,096
Total residential	10,118,094
Other	
Clothing	321,920
Transportation	800,912
Other - depreciation and amortization	126,658
Total other	1,249,490
Total expenses	23,398,500
Revenues over expenses	$ 6,319,024

KVC Health Systems, Inc.
Schedule of System of Care Grant
Year Ended June 30, 2011

Revenue	
Grant revenue	$ 58,033
Total revenue	58,033
Expenses	
Salaries and wages	38,164
Taxes and benefits	8,224
Office supplies and expenses	362
Indirect administrative expenses	5,276
Other (telephone, utilities, etc)	6,007
Total expenses	58,033
Revenues over expenses	$ -