

**MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mental Health America of Greenville County, Inc.
Greenville, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mental Health America of Greenville County, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mental Health America of Greenville County, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mental Health America of Greenville County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health America of Greenville County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Board of Directors
Mental Health America of Greenville County, Inc.
October 20, 2021

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
September 20, 2022

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

Assets

Current assets

| | |
|--|------------------|
| Cash and cash equivalents | \$ 1,235,897 |
| Cash and cash equivalents (with donor restrictions) | 84,387 |
| Cash and cash equivalents (deposits held for others) | 759,708 |
| Receivables | 193,914 |
| Prepaid expenses | 527,637 |
| Investments - other | 34,624 |
| Total current assets | <u>2,836,167</u> |

Property and equipment (net)

3,422,710

Total assets

\$ 6,258,877

Liabilities and Net Assets

Current liabilities

| | |
|-----------------------------------|------------------|
| Accounts payable | \$ 22,014 |
| Accrued payroll and payroll taxes | 36,599 |
| Deposits held for others | 759,708 |
| Deferred revenue | 303,503 |
| Total current liabilities | <u>1,121,824</u> |

Total liabilities

1,121,824

Net assets

| | |
|---------------------------------------|------------------|
| Net assets without donor restrictions | 5,052,666 |
| Net assets with donor restrictions | 84,387 |
| Total net assets | <u>5,137,053</u> |

Total liabilities and net assets

\$ 6,258,877

The accompanying notes are an integral part of these financial statements.

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Revenues, gains, and other support | | | |
| Contributions and nongovernmental grants | \$ 148,645 | \$ 74,231 | \$ 222,876 |
| Program service fees | 657,234 | - | 657,234 |
| Governmental grants | - | 749,238 | 749,238 |
| United Way | 40,159 | - | 40,159 |
| Interest income | 683 | - | 683 |
| In-kind donations | - | 25,500 | 25,500 |
| Loss on disposition of assets | (7,537) | - | (7,537) |
| Other income | 21,111 | - | 21,111 |
| | <u>860,295</u> | <u>848,969</u> | <u>1,709,264</u> |
| Reclassifications | | | |
| Net assets released from restrictions | 843,276 | (843,276) | - |
| Expenses and losses | | | |
| Program services | | | |
| Crisis Intervention Services | 1,166,092 | - | 1,166,092 |
| Mental Health Matters - Education | 229,305 | - | 229,305 |
| Consumer Supportive Living Services | 450,366 | - | 450,366 |
| VISTA Program | 62,550 | - | 62,550 |
| Total program services | <u>1,908,313</u> | <u>-</u> | <u>1,908,313</u> |
| Management and general | 21,363 | - | 21,363 |
| Fundraising | 12,434 | - | 12,434 |
| | <u>1,942,110</u> | <u>-</u> | <u>1,942,110</u> |
| Change in net assets | (238,539) | 5,693 | (232,846) |
| Net assets, beginning of year | <u>5,291,205</u> | <u>78,694</u> | <u>5,369,899</u> |
| Net assets, end of year | <u>\$ 5,052,666</u> | <u>\$ 84,387</u> | <u>\$ 5,137,053</u> |

The accompanying notes are an integral part of these financial statements.

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

| | Program Services | | | | | | Management and General | Fundraising | Total |
|-----------------------------------|------------------------------|-----------------------------------|-------------------------------------|-----------|--------------|-----------|------------------------|--------------|-------|
| | Crisis Intervention Services | Mental Health Matters - Education | Consumer Supportive Living Services | VISTA | Subtotal | | | | |
| Salaries and wages | \$ 582,081 | \$ 125,371 | \$ 188,057 | \$ - | \$ 895,509 | \$ - | \$ - | \$ 895,509 | |
| Employee benefits | 86,663 | 18,666 | 27,999 | - | 133,328 | - | - | 133,328 | |
| Payroll taxes | 46,816 | 9,084 | 13,975 | - | 69,875 | - | - | 69,875 | |
| VISTA cost-sharing and allowances | - | - | - | 60,884 | 60,884 | - | - | 60,884 | |
| AmeriCorps allowances | 17,031 | - | - | - | 17,031 | - | - | 17,031 | |
| Professional fees | 141,555 | 20,515 | 43,082 | - | 205,152 | - | - | 205,152 | |
| Office expenses | 7,283 | 1,020 | 5,826 | 437 | 14,566 | 152 | 455 | 15,173 | |
| Information technology | 100,555 | 10,585 | 21,169 | - | 132,309 | - | - | 132,309 | |
| Occupancy | 17,861 | 4,871 | 9,743 | - | 32,475 | 1,004 | - | 33,479 | |
| Travel | 907 | 11 | 11 | 205 | 1,134 | 11 | - | 1,145 | |
| Conferences and meetings | 1,950 | 611 | 146 | 204 | 2,911 | 1,077 | - | 3,988 | |
| Depreciation | 117,404 | 32,873 | 84,531 | - | 234,808 | - | - | 234,808 | |
| Insurance | - | - | - | - | - | 5,320 | - | 5,320 | |
| Postage | 388 | 97 | 9,223 | - | 9,708 | - | - | 9,708 | |
| Printing and publications | 3,201 | 1,164 | 9,747 | 436 | 14,548 | - | - | 14,548 | |
| Specific assistance | - | - | 27,858 | - | 27,858 | - | - | 27,858 | |
| Other | - | - | - | - | - | - | - | - | |
| Equipment rental/maintenance | 10,552 | 3,070 | 5,180 | 384 | 19,186 | 729 | 4,372 | 24,287 | |
| Dues and subscriptions | 1,635 | 170 | 318 | - | 2,123 | - | - | 2,123 | |
| Supplies | 22,602 | 699 | - | - | 23,301 | 6,572 | - | 29,873 | |
| Bank and merchant service fees | 195 | 56 | 2,528 | - | 2,779 | 121 | 121 | 3,021 | |
| Employee recruitment/onboarding | 2,508 | 153 | 397 | - | 3,058 | 127 | - | 3,185 | |
| Other operating expenses | 4,905 | 289 | 576 | - | 5,770 | 6,250 | - | 12,020 | |
| Fundraising expenses | - | - | - | - | - | - | 7,486 | 7,486 | |
| | \$ 1,166,092 | \$ 229,305 | \$ 450,366 | \$ 62,550 | \$ 1,908,313 | \$ 21,363 | \$ 12,434 | \$ 1,942,110 | |

The accompanying notes are an integral part of these financial statements.

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

| | |
|--|------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ (232,846) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | |
| Depreciation | 234,808 |
| Net change in assets and liabilities | |
| Decrease in receivables | 50,110 |
| (Increase) in prepaid expenses | (433,455) |
| Increase in accounts payable | 4,890 |
| Increase in accrued payroll and payroll taxes | 1,578 |
| Increase in deposits held for others | 72,280 |
| Increase in deferred revenue | 303,503 |
| Net cash provided by operating activities | 868 |
| Cash flows from investing activities | |
| Purchase of property and equipment, net | (3,009,555) |
| Proceeds, reinvestment of interest income in investments, net | (65) |
| Net cash (used) by investing activities | (3,009,620) |
| Net (decrease) in cash | (3,008,752) |
| Cash and cash equivalents, beginning of year | 5,088,744 |
| Cash and cash equivalents, end of year | \$ 2,079,992 |
| Reconciliation of cash and cash equivalents to the Statement of Financial Position | |
| Cash | \$ 1,995,605 |
| Cash, restricted | 84,387 |
| | \$ 2,079,992 |

The accompanying notes are an integral part of these financial statements.

MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mental Health America of Greenville County, Inc. (the “Organization”) is a not-for-profit organization organized for the purpose of providing services and programs for the mentally ill and to educate the public about mental illness.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments

The carrying value of cash and cash equivalents, receivables, prepaid expenses, accounts payable, accrued payroll and payroll taxes, and deposits held for others approximate fair value because of the terms and relative short maturity of financial instruments.

Estimates

The presentation 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, revenues and expenses, and financial statement disclosure. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions. The Organization maintains bank accounts at various financial institutions covered by the FDIC. At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit. Due to the strong credit rating of these financial institutions, management believes it is not exposed to any significant credit risk to cash. At December 31, 2021, cash deposits exceeded federally insured limits by \$729,742.

Approximately 1% of the Organization's revenue is derived from United Way funding. The current level of the Organization's operations and program services may be impacted, or segments discontinued, if the funding is not renewed. Management continues to seek additional funding from other revenue sources congruent with its strategic plan.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts. The allowance for uncollectible accounts is estimated based on past experience and on analysis of collectability. The Organization had no allowance for uncollectible accounts at December 31, 2021.

Investments

The Organization's investments consist of certificates of deposit through regional banks. Investments are reported at cost, which approximates fair value. Interest income is included in the statements of activities as an increase in unrestricted net assets unless the income is restricted by donor or law.

Property and Equipment

Property and equipment that is purchased in excess of \$1,000 by the Organization is capitalized at cost. Donated property and equipment is recorded as support revenue at the estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor restricts the donated asset to be used for a specific purpose. Maintenance and repairs which do not improve or extend the useful lives of the assets are charged to expense as incurred. Any gain or loss on the disposal of property and equipment is recognized in the year of disposition. Property and equipment are depreciated using the straight-line method over the useful life of the assets.

The class lives of the more significant items within each property classification are as follows:

| | |
|------------------------|------------|
| Furniture | 7 years |
| Equipment | 5-10 years |
| Leasehold improvements | 20 years |

Donated Materials and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

For the year ended December 31, 2021, in-kind donations estimated to be valued at \$25,500 were donated and have been shown on the statement of activities.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's programs and supporting services, the value of which is not recorded in the accompanying financial statements.

Advertising

The Organization expenses advertising costs as incurred. No advertising expense was recognized for the year ended December 31, 2021.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code; accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and wages, employee benefits, and payroll taxes are the primary costs that are allocated, which are allocated on the basis of estimates of time and effort.

NOTE 2 – RECEIVABLES

Receivables consists of the following at December 31, 2021:

| | |
|---|-------------------|
| Grants receivable | \$ 61,616 |
| Program service fee and reimbursement receivables | 25,726 |
| Receivables - other | 106,572 |
| | <u>\$ 193,914</u> |

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021:

| | |
|------------------------------------|---------------------|
| Leasehold improvements | \$ 2,147,016 |
| Furniture, fixtures, and equipment | 1,558,259 |
| Less: accumulated depreciation | (282,565) |
| | <u>\$ 3,422,710</u> |

Depreciation expense was \$234,808 for the year ended December 31, 2021.

NOTE 4 - DEPOSITS HELD FOR OTHERS

Mental Health America of Greenville County, Inc. handles money for two hundred thirty-plus individuals as their representative payee. Most of the funds come from social security disability and are spent on the individuals' behalf for rent, utilities, etc. These funds belong to the individuals and not Mental Health America of Greenville County, Inc. and therefore, the receipts and expenditures are not included in the financial statements. The liability account "deposits held for others" was set-up to offset the corresponding amount in cash, which belongs to these individuals and are required to be held in bank accounts separate from operating funds. The total receipts in these accounts for December 31, 2021 were \$2,716,480 with total disbursements of \$2,685,454.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2021:

| | | |
|-------------------------------------|----|---------------|
| Scan Source Phone Grant | \$ | 15,000 |
| Pennies from Heaven | | 5,301 |
| Jolly Foundation | | 10,425 |
| Miracle Hill Ministries | | 3,875 |
| First Baptist Phone Grant | | 5,000 |
| Greater Greenville Master Gardeners | | 350 |
| Zero Suicide Phone Grant | | 41,936 |
| Rotary Club | | 2,500 |
| | \$ | <u>84,387</u> |

NOTE 6 – OPERATING LEASES

The Organization leases certain office space and equipment under operating leases. As of December 31, 2021, minimum lease payments under these non-cancelable lease agreements are as follows:

| | Equipment | Office Space | Total |
|------------|---------------|------------------|------------------|
| 2022 | \$ 623 | \$ 2,400 | \$ 3,023 |
| 2023 | - | 2,400 | 2,400 |
| 2024 | - | 2,400 | 2,400 |
| 2025 | - | 2,400 | 2,400 |
| 2026 | - | 2,400 | 2,400 |
| Thereafter | - | 33,600 | 33,600 |
| | <u>\$ 623</u> | <u>\$ 45,600</u> | <u>\$ 46,223</u> |

Total lease expense was \$23,584 for the year ended December 31, 2021. The amount of \$14,650 was paid on the previous office lease which ran through May 2021. Lease expenses are included in occupancy and rental of equipment expenses.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The following table reflects the Organization’s financial assets (cash and cash equivalents, receivables, and investments - other) as of December 31, 2021, reduced by amounts not available for general expenditures within one year.

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 1,235,897 |
| Cash and cash equivalents (with donor restrictions) | 84,387 |
| Cash and cash equivalents (deposits held for others) | 759,708 |
| Receivables | 193,194 |
| Investments - other | 34,624 |
| Less: those unavailable for general expenditures within one year due to: | |
| Donor restrictions | (84,387) |
| Deposits held for others | <u>(759,708)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,463,715</u> |

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient donations, grants, and program service fees and by utilizing donor-restricted resources from current and prior gifts.

NOTE 8 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, establishes a consistent framework for measuring fair value in accordance with GAAP, and expands disclosure requirements about fair value measurements. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of Mental Health America as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Mental Health America has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. Mental Health America is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). Mental Health America considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Mental Health America's perceived risk of that instrument.

The following table summarizes the valuation of Mental Health America's financial assets and liabilities measured at fair value as of December 31, 2021, based on the level of input utilized to measure fair value:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|------------------|-------------|-------------|------------------|
| Investments | | | | |
| Certificates of Deposit | \$ 34,624 | \$ - | \$ - | \$ 34,624 |
| Total investments | <u>\$ 34,624</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 34,624</u> |

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Certificates of Deposit - The fair value of the Certificates of Deposit is classified as Level 1.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization provides administrative support and property management services to Mental Health Association of Greenville County Housing Corporation, Inc. and Hillcrest Heights Inc., which shares common management. As such, the Organization invoiced a total of \$63,929 for management-related fees and contractual reimbursements to Mental Health Association of Greenville County Housing Corporation, Inc. and Hillcrest Heights Inc. As of December 31, 2021, the Organization had \$25,726 in outstanding receivables from these related party organizations, which is shown in receivables in the financial statements.

NOTE 10 – CARES ACT

The Organization received \$93,136 during 2021 from the Greenville County CARES ACT, which was utilized to increase Crisis Line capacity to respond to individuals in crisis during Covid.

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through the date of the auditor's report. Management has determined there are no subsequent events that require recognition or disclosure in the financial statements.

SINGLE AUDIT SECTION

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

| <u>Federal Grantor/ Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|---|---------------------------------|
| <u>U.S. Department of the Treasury</u> | | | |
| Passed through Greenville County: COVID-19: Coronavirus Relief Fund | 21.019 | N/A | \$ 3,511,740 |
| Total U.S. Department of the Treasury | | | <u>3,511,740</u> |
| <u>Corporation for National and Community Service</u> | | | |
| Direct: | | | |
| VISTA | 94.013 | 17VSSSC002 | <u>10,986</u> |
| | | | <u>10,986</u> |
| Passed through SC Commission on National and Community Service: Americorps SC | 94.006 | 18AFHSC0010004 | <u>79,858</u> |
| | | | <u>79,858</u> |
| Total Corporation for National and Community Service | | | <u>90,844</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,602,584</u> |

See accompanying notes to schedule.

**MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Mental Health America of Greenville County, Inc. (the "Organization") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented on the accrual basis of accounting and in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position or changes in net position of the Organization.

NOTE 2 – COST PRINCIPLES

Expenditures are recognized following the cost principles contained in 2 CFR Part 200, Cost Principles for Nonprofit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Matching costs, i.e., the non-federal share of certain program costs, are not included in the Schedule.

NOTE 3 – INDIRECT COST RATE

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified Yes One reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes One Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified Opinion

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

The program tested as a major program for Mental Health America of Greenville County, Inc. for the year ended December 31, 2021 is:

| <u>Program Name</u> | <u>CFDA Number</u> |
|-----------------------------------|--------------------|
| COVID-19: Coronavirus Relief Fund | 21.019 |

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

Auditee qualified as low-risk auditee? Yes No

II. Financial Statement Findings

Significant Deficiency

2021-001

Condition: There is a lack of segregation of accounting duties that enables the same individuals to have access to both physical assets and the related accounting records or to all phases of a transaction.

Effect: Transactions could be mishandled.

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Cause: There are a limited number of personnel for certain functions.

Identification of a Report Finding: This is not a repeat finding.

Recommendation: Duties should be segregated to the extent possible. The Board of Directors must remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

Views of Responsible Officials and Planned Corrective Actions: The Organization agrees with this finding and will adhere to the corrective action plan in this report.

III. Federal Award Findings and Questioned Costs

2021-002

Significant Deficiency: As discussed in Finding 2021-001, there is a lack of segregation of duties in regards to the financial reporting of the federal award programs.

MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.

CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2021

I. Financial Statement Findings

Significant Deficiency

2021-001 Segregation of Duties

Name of Contact Person: Jennifer Piver, Executive Director

Corrective Action: The duties will be segregated as much as possible and the Board of Directors will remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

Proposed Completion Date: Management will implement the above action immediately.

II. Federal Award Findings and Questioned Costs

Significant Deficiency

2021-002 Segregation of Duties: As discussed above, the corrective action for Finding 2021-001 will be implemented in regards to the financial reporting of the federal award programs.

**MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021**

There were no federal award-related audit findings in the prior year.

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

Board of Directors
Mental Health America of Greenville County, Inc.
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mental Health America of Greenville County, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2022.

Report on Internal Control Over Financial Reporting

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

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

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S.C. Association of Certified Public Accountants



Board of Directors
Mental Health America of Greenville County, Inc.
September 20, 2022

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item (Finding 2021-001) that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mental Health America of Greenville County, Inc.'s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Mental Health America of Greenville County, Inc.'s response and, accordingly, we express no opinion on the response.

Purpose of this Report

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

McKinley, Cooper & Co., LLC

Greenville, South Carolina
September 20, 2022

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

Board of Directors
Mental Health America of Greenville County, Inc.
Greenville, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mental Health America of Greenville County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mental Health America of Greenville County, Inc.'s major federal programs for the year ended December 31, 2021. Mental Health America of Greenville County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mental Health America of Greenville County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mental Health America of Greenville County, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mental Health America of Greenville County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mental Health America of Greenville County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

Mental Health America of Greenville County, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Mental Health America of Greenville County, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

McKinley, Cooper & Co., LLC

Greenville, South Carolina
September 20, 2022