

The Board of Directors  
Heartland Counseling Services, Inc.  
South Sioux City, Nebraska

In planning and performing our audit of the financial statements of Heartland Counseling Services, Inc. as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses; and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the following deficiency in Heartland Counseling Services, Inc.'s internal control to be a significant deficiency.

#### **PREPARATION OF FINANCIAL STATEMENTS UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Internal control includes controls over financial reporting under generally accepted accounting principles (GAAP). The preparation of GAAP financial statements and footnote disclosures requires extensive knowledge of constantly changing accounting pronouncements. Currently no one in the Company has the knowledge to prepare GAAP financial statements with complete footnote disclosures. Although we assist the Company in drafting the financial statements and footnotes and you take responsibility for the statements, we cannot be considered as part of your internal control over GAAP financial statement preparation. Thus, there is a control deficiency which must be reported under auditing standards.

This communication is intended solely for the information and use of management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



**Nichols, Rise &  
Company, L.L.P.**

Certified Public Accountants and Consultants

S. B. Bieber, CPA  
C. D. Merry,  
CPA, ABV  
R. W. Grenko, CPA  
L. M. Shoemaker,  
CPA, CMA  
L. K. Meyer, CPA  
B. J. Kooiker, CPA

E. C. Nichols, CPA  
(1916-2003)  
C. L. Rise, CPA  
(1921-2003)  
W. F. Sibley, CPA  
D. L. Lacey, CPA

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A. E. Hill, CPA  
A. J. Lilly, CPA  
P. M. Riemer, CPA  
S. M. Todd, CPA  
D. L. Brown, CPA  
C. A. Moss, CPA  
L. M. Kubik, CPA  
S. E. Boden  
T. S. Wely  
A. B. Tramp  
D. L. Sands  
J. A. Perez

P. K. Peters  
C. R. Karrer  
K. L. Hackett

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To the Board of Directors  
Heartland Counseling Services, Inc.

We have audited the financial statements of Heartland Counseling Services, Inc. for the year ended June 30, 2017, and have issued our report thereon dated September 7, 2017. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 2, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Heartland Counseling Services, Inc. are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the allowance for doubtful accounts is based on its assessment of probable uncollectible amounts based on status of individual accounts, historical trends, and other information.

*Difficulties Encountered in Performing the Audit*

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



*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following misstatements detected as a result of audit procedures were corrected by management:

Record Annual Depreciation .....	\$ (11,693)
Reverse Deductions Payables.....	3,575
Record Sales of Dodge Avenger.....	3,000
Record Refund to Region.....	<u>(3,300)</u>
	\$ <u><u>(8,418)</u></u>

The following misstatements have not been corrected by management. Management has determined that their effects are immaterial, both individual and in the aggregate, to the financial statements taken as a whole.

Prepaid Insurance.....	\$ 346
Accounts Receivable.....	(900)
Prior Year Accrued Payroll.....	<u>(823)</u>
	\$ <u><u>(1,377)</u></u>

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 7, 2017.

*Other Audit Findings or Issues*

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

*Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, Board of Directors, Region IV, Mental Health and Substance Abuse Service District, and management of Heartland Counseling Services, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

*Nichols, Rise & Company, L.L.P.*

Sioux City, Iowa  
September 7, 2017



HEARTLAND COUNSELING SERVICES, INC.

JUNE 30, 2017

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**HEARTLAND COUNSELING SERVICES, INC.**  
**FINANCIAL HIGHLIGHTS**

<b>June 30,</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenues, Gains, and Other Support:</b>					
Client Service Fees	\$ 569,245	\$ 504,304	\$ 601,703	\$ 484,519	\$ 577,092
Less Bad Debts			(3,165)	(13,220)	
	<u>569,245</u>	<u>504,304</u>	<u>598,538</u>	<u>471,299</u>	<u>577,092</u>
Government Funding	1,006,185	1,023,030	1,006,920	1,097,643	920,822
Special Events (Net of Costs)	11,895	12,176	12,626	6,877	
Other	<u>43,548</u>	<u>46,249</u>	<u>43,595</u>	<u>49,436</u>	<u>8,246</u>
	<u>1,630,873</u>	<u>1,585,759</u>	<u>1,661,679</u>	<u>1,625,255</u>	<u>1,506,160</u>
<b>Expenses:</b>					
Program Services	1,302,121	1,244,770	1,425,557	1,476,521	1,288,987
General and Administrative	<u>321,290</u>	<u>285,904</u>	<u>240,721</u>	<u>290,247</u>	<u>276,471</u>
	<u>1,623,411</u>	<u>1,530,674</u>	<u>1,666,278</u>	<u>1,766,768</u>	<u>1,565,458</u>
<b>Change in Net Assets</b>	<b>7,462</b>	<b>55,085</b>	<b>(4,599)</b>	<b>(141,513)</b>	<b>(59,298)</b>
<b>Cash</b>	<b>40,707</b>	<b>18,591</b>	<b>11,329</b>	<b>36,816</b>	<b>491</b>
<b>Due from Region IV Mental Health Services District</b>	<b>111,764</b>	<b>144,955</b>	<b>97,795</b>	<b>100,979</b>	<b>89,114</b>
<b>Client and Other Receivables:</b>					
Client Receivables	52,069	27,903	47,787	149,841	271,313
Allowance for Doubtful Accounts	<u>(1,953)</u>	<u>(1,856)</u>	<u>(3,915)</u>	<u>(118,174)</u>	<u>(108,500)</u>
	<u>50,116</u>	<u>26,047</u>	<u>43,872</u>	<u>31,667</u>	<u>162,813</u>
<b>Net Assets:</b>					
Unrestricted:					
Undesignated	17,681	28,825	(19,502)	(37,926)	93,638
Investment in Equipment	<u>55,707</u>	<u>37,101</u>	<u>30,343</u>	<u>53,366</u>	<u>63,315</u>
	<u>73,388</u>	<u>65,926</u>	<u>10,841</u>	<u>15,440</u>	<u>156,953</u>



# INDEPENDENT AUDITOR'S REPORT

**Nichols, Rise &  
Company, L.L.P.**

Certified Public Accountants and Consultants

S. B. Bieber, CPA  
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T. S. Welty  
A. B. Tramp  
D. L. Sands  
J. A. Perez

## **Report on the Financial Statements**

We have audited the accompanying statements of Heartland Counseling Services, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

P. K. Peters  
C. R. Karrer  
E. J. Schubert

## **Management's Responsibility for the Financial Statements**

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

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## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heartland Counseling Services, Inc. as of June 30, 2017, 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.



*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial highlights are presented for purposes of additional analysis and are 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.

*Report on Summarized Comparative Information*

We have previously audited Heartland Counseling Services, Inc.'s financial statements, and our report dated November 13, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statement of financial position of Heartland Counseling Services, Inc. as of June 30, 2013 through 2015, and the related statements of activities, cash flows, and functional expenses for each of the three years ended June 30, 2015 (none of which is presented herein), and we expressed unmodified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The financial highlights for 2013 through 2016 are presented for purposes of additional analysis and are 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 2013 through 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 financial highlights for 2013 through 2016 are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

*Nichols, Rise & Company, L.L.P.*

Sioux City, Iowa  
September 7, 2017



**HEARTLAND COUNSELING SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2017

With Summarized Financial Information for June 30, 2016

	2017	2016
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash .....	\$ 40,707	\$ 18,591
Due from Region IV Mental Health Services District .....	111,764	144,955
Client Receivables, Net .....	50,116	26,047
Prepaid Expenses .....	<u>12,688</u>	<u>43,417</u>
	215,275	233,010
<b>Vehicles and Equipment, at Cost</b> .....	218,419	295,298
Less Accumulated Depreciation .....	<u>162,712</u>	<u>258,197</u>
	55,707	37,101
 Total Assets	 <u>\$ 270,982</u>	 <u>\$ 270,111</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Current Portion of Long-Term Debt .....	\$ 8,386	\$ 2,282
Accounts Payable .....	43,137	71,101
Payroll Taxes and Accrued Expenses .....	<u>130,706</u>	<u>127,969</u>
	182,229	201,352
 Long-Term Debt .....	 15,365	 2,833
<b>Net Assets:</b>		
Unrestricted:		
Undesignated .....	17,681	28,825
Investment in Equipment .....	<u>55,707</u>	<u>37,101</u>
	73,388	65,926
 Total Liabilities and Net Assets	 <u>\$ 270,982</u>	 <u>\$ 270,111</u>



**HEARTLAND COUNSELING SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2017  
 With Summarized Financial Information for the Year Ended June 30, 2016

	Totals	
	2017	2016
<b>Revenues, Gains, and Other Support:</b>		
Governmental Funding .....	\$ 1,006,185	\$ 1,023,030
Client Service Fees .....	569,245	504,304
Educational Outreach and Workshops .....	23,556	15,396
Donations .....	9,824	25,656
Special Events (Net of Costs) .....	13,751	12,176
Gain on Disposal of Vehicle .....	3,000	750
Miscellaneous .....	<u>5,312</u>	<u>4,447</u>
Total Revenues, Gains, and Other Support	1,630,873	1,585,759
<b>Expenses:</b>		
Program Services:		
Mental Health .....	478,049	416,956
Community Support .....	112,446	172,572
Crisis Response .....	212,189	166,024
Day Rehab .....	90,629	89,336
Substance Abuse .....	228,925	245,712
IOP .....	47,284	60,731
Special Services .....	<u>163,231</u>	<u>109,883</u>
	1,332,753	1,261,214
General and Administrative .....	<u>290,658</u>	<u>269,460</u>
Total Expenses	<u>1,623,411</u>	<u>1,530,674</u>
<b>Change in Net Assets</b> .....	7,462	55,085
Net Assets, Beginning of Year .....	<u>65,926</u>	<u>10,841</u>
<b>Net Assets, End of Year</b>	<u>\$ 73,388</u>	<u>\$ 65,926</u>



**HEARTLAND COUNSELING SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2017  
 With Summarized Financial Information for the Year Ended June 30, 2016

	2017	2016
<b>Cash Flows from Operating Activities:</b>		
Cash Received:		
Governmental Funding .....	\$ 1,039,376	\$ 975,870
Client Service Fees .....	545,176	522,129
Educational Outreach and Workshops .....	23,556	15,396
Miscellaneous .....	<u>28,887</u>	<u>42,279</u>
	1,636,995	1,555,674
Cash Disbursed:		
Cash Paid to Suppliers and Employees .....	<u>1,606,215</u>	<u>1,522,968</u>
<b>Net Cash Provided by Operating Activities .....</b>	<b>30,780</b>	<b>32,706</b>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Disposal of Vehicle .....	3,000	750
Purchase of Equipment .....	<u>(6,000)</u>	<u>(19,447)</u>
<b>Net Cash Used by Investing Activities .....</b>	<b>(3,000)</b>	<b>(18,697)</b>
<b>Cash Flows from Financing Activities:</b>		
Short-Term Borrowings, Net .....	(5,664)	(5,012)
Proceeds from Long-Term Borrowings .....		57
Payments on Long-Term Borrowings .....		<u>(1,792)</u>
<b>Net Cash Used by Financing Activities .....</b>	<b>(5,664)</b>	<b>(6,747)</b>
<b>Net Increase in Cash .....</b>	<b>22,116</b>	<b>7,262</b>
Cash, Beginning of Year .....	<u>18,591</u>	<u>11,329</u>
<b>Cash, End of Year</b>	<b>\$ <u>40,707</u></b>	<b>\$ <u>18,591</u></b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Change in Net Assets .....</b>	<b>\$ 7,462</b>	<b>\$ 55,085</b>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Depreciation .....	11,694	19,539
Gain on Disposal of Vehicle .....	(3,000)	(750)
Changes in Operating Assets and Liabilities:		
Receivables .....	9,122	(29,335)
Prepaid Expenses .....	30,729	(35,360)
Accounts Payable .....	(27,964)	21,377
Deferred Revenue .....		
Payroll Taxes and Accrued Expenses .....	<u>2,737</u>	<u>2,150</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ <u>30,780</u></b>	<b>\$ <u>32,706</u></b>
<b>Non-Cash Transactions:</b>		
Fixed Assets Purchased with Loans .....	\$ 24,300	\$ 6,850



**HEARTLAND COUNSELING SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2017  
 With Summarized Financial Information for the Year Ended June 30, 2016

	Program Services										General and Administrative		Totals
	Mental Health	Community Support	Crisis Response	Day Rehab	Substance Abuse	IOP	Special Services	Administrative	2017	2016			
Salaries .....	\$ 344,091	\$ 71,551	\$ 94,643	\$ 45,463	\$ 165,515	\$ 36,208	\$ 104,613	\$ 223,907	\$ 1,085,991	\$ 1,060,829			
Payroll Taxes, Etc. ....	24,869	4,808	7,278	3,188	12,509	2,734	6,745	16,492	78,623	82,679			
Employee Health .....	15,936	3,372	7,393	790	12,648	1,545	3,107	6,498	51,289	42,221			
Total Salaries and Related Expenses .....	384,896	79,731	109,314	49,441	190,672	40,487	114,465	246,897	1,215,903	1,185,729			
Professional Fees and Contract Services .....	17,658	1,317	1,169	322	1,477	259	1149	1,876	25,227	41,295			
Specific Assistance to Individuals .....		9,630	15,016	4,348					28,994	18,355			
Class Expense .....		22,404							25,604	12,800			
Supplies .....	6,729	1,144	1,032	2,109	4,055	1,025	7,402	5,420	28,916	27,053			
Telephone .....	6,001	1,703	3,137	951	3,571	500	3,204	2,790	21,857	26,570			
Postage and Shipping .....	1,431	362	429	156	662	123	231	750	4,144	4,723			
Rent .....	26,332	4,827	6,633	25,933	15,033	2,549	10,989	11,142	103,458	86,437			
Utilities .....	6,257	1,318	1,585	1,015	3,707	796	2,946	3,312	20,936	17,119			
Insurance .....	8,459	2,476	2,198	606	2,354	488	2,159	3,526	22,266	24,091			
Repairs and Maintenance .....	12,070	4,966	3,663	2,073	4,847	688	6,523	4,626	39,456	21,188			
License and Accreditation .....	255	75	66	18	71	15	66	107	673	1,588			
Conferences, Conventions, and Meetings .....	20				80		250	226	576	2,128			
Travel .....	2,826	3,418	5,645	3,295	935	63	3931	7,879	27,992	31,818			
Advertising .....	58		38,565		55		5425		44,103	8,439			
Interest .....	614	179	159	44	170	35	156	255	1,612	1,802			
Total Expenses Before Depreciation .....	473,606	111,146	211,035	90,311	227,689	47,028	162,096	288,806	1,611,717	1,511,135			
Depreciation .....	4,443	1,300	1,154	318	1,236	256	1,135	1,852	11,694	19,539			
Total Expenses .....	\$ 478,049	\$ 112,446	\$ 212,189	\$ 90,629	\$ 228,925	\$ 47,284	\$ 163,231	\$ 290,658	\$ 1,623,411	\$ 1,530,674			



## NOTES TO FINANCIAL STATEMENTS

### ORGANIZATION

Heartland Counseling Services, Inc. (referred to as the "Agency") is a nonprofit corporation organized to provide mental health and substance abuse services for residents of Dakota, Dixon, Thurston, Wayne, Rock, Brown, Boyd, Holt, Keya Peha, Cherry, and Burt Counties of Nebraska.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and activities are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and activities are classified as follows:

*Unrestricted* - Not subject to donor-imposed stipulations.

*Temporarily Restricted* - Subject to donor-imposed stipulations that will be met, either by actions of the Agency and/or the passage of time.

#### Governmental Funding

Governmental Funding is a combination of third-party pay for services and reimbursement of expenses. The reimbursement of expenses is subject to audit and retroactive adjustments. Differences between the estimated amounts accrued and final settlements are reported in the year of the settlement.

#### Receivables

Client receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts, historical trends, and other information. Balances that are still outstanding after management used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to client receivables.

#### Equipment

Equipment is recorded at cost or estimated fair value if donated. Depreciation is provided using the straight-line method over the estimated useful life of the assets.

#### Allocation of Expenses

The cost of providing program and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, costs have been allocated to the program and support services benefited.

#### Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's estimates and judgments.

### CLIENT RECEIVABLES

Client Receivables .....	\$ 52,069
Allowance for Doubtful Accounts .....	<u>(1,953)</u>
	<u>\$ 50,116</u>



## VEHICLES AND EQUIPMENT

	<u>Useful Lives</u>	
Vehicle .....	5 years	\$ 88,622
Equipment .....	5 years	<u>129,797</u>
		218,419
Accumulated Depreciation .....		<u>162,712</u>
Book Value		<u>\$ 55,707</u>

## LINE OF CREDIT

The company has a line of credit with Siouxland National Bank in the amount of \$25,100. The agreement provides for interest at 6%, is secured by the Agency's accounts receivable and is due on demand. The full amount of the line of credit was available at June 30, 2017.

## LONG-TERM DEBT

<u>Secured by</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Final Payment</u>	<u>Balance</u>
Vehicles .....	6.00%	\$ 800	March 2020	\$ 23,751
Less Current Portion .....				<u>8,386</u>
Long-Term Portion				<u>\$ 15,365</u>

Current maturities of long-term debt are as follows:

2018 .....	\$ 8,386
2019 .....	8,911
2020 .....	6,454

## CLIENT SERVICE FEES

The Agency receives most of its client service fees from third-party payers such as insurance carriers, Medicare, and Medicaid. The amount of funding is determined on a unit served basis.

## INCOME TAXES

Heartland Counseling Services, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

## OPERATING LEASES

	<u>Lease Expiration</u>	<u>Monthly Payments</u>
South Sioux City, Nebraska .....	Month-to-Month	\$ 4,375
South Sioux City, Nebraska .....	Month-to-Month	1,532
Ainsworth, Nebraska .....	Month-to-Month	100
O'Neill, Nebraska .....	Month-to-Month	600
Valentine, Nebraska .....	May 31, 2017	250

Rent expense for the year ended June 30, 2017, was \$80,591.

Minimum future lease payments are as follows:

2017 .....	\$ 2,750
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## **SUMMARIZED FINANCIAL INFORMATION FOR 2016**

The financial statements include certain prior-year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

The summarized financial information has been restated to classifications adopted in 2017. These restatements have no effect on net assets.

## **SUBSEQUENT EVENT**

Subsequent events have been evaluated through September 7, 2017, the date the statements are available to be issued.

