

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

Certified Public Accountants and Consultants

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D. L. Sands
J. A. Perez
T. R. Boogerd

C. R. Karver
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Member of AICPA
Division for
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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, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

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 material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control 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 organization'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, Board of Directors, 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.

Sioux City, Iowa
January 10, 2022

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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, 2021, and have issued our report thereon dated January 10, 2022. Professional standards require that we provide you with 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 6, 2021. 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. 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following misstatements detected as a result of audit procedures were corrected by management:

Prepaid Insurance.....	\$	(9,666)
Amortize Software Licenses.....		(12,720)
Adjust Software Loans.....		12,720
Capitalize Vehicle and Phone System.....		64,542
Capitalize Building Costs.....		12,985
Record Annual Depreciation.....		(24,242)
Record Forgiveness of PPP Loan.....		272,300
Accounts Payable.....		34,219
Adjust Allowance for Bad Debts.....		6,519
Prior Year Uncorrected Adjustments.....		<u>(4,098)</u>
	\$	<u>352,559</u>

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 10, 2022.

Management Consultations with Other Independent Accountants

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

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 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
January 10, 2022

HEARTLAND COUNSELING SERVICES, INC.
JUNE 30, 2021

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HEARTLAND COUNSELING SERVICES, INC.
FINANCIAL HIGHLIGHTS

June 30,	2021	2020	2019	2018	2017
Revenues, Gains, and Other Support:					
Client Service Fees	\$ 1,455,859	\$ 910,498	\$ 845,509	\$ 628,966	\$ 569,245
Government Funding	1,212,461	1,304,494	1,003,043	955,734	1,006,185
Special Events (Net of Costs)	34,074	25,931	24,287	10,280	13,751
Other	1,233,926	140,010	91,703	70,841	41,692
	<u>3,936,320</u>	<u>2,380,933</u>	<u>1,964,542</u>	<u>1,665,821</u>	<u>1,630,873</u>
Expenses:					
Program Services	3,218,310	2,081,167	1,831,678	1,519,036	1,332,753
General and Administrative	120,924	54,621	52,858	198,112	290,658
	<u>3,339,234</u>	<u>2,135,788</u>	<u>1,884,536</u>	<u>1,717,148</u>	<u>1,623,411</u>
Change in Net Assets	597,086	245,145	80,006	(51,327)	7,462
Cash	704,958	546,863	103,394	4,801	40,707
Due from Region IV Mental Health Services District	98,135	123,098	81,995	96,872	111,764
Client and Other Receivables:					
Client Receivables	246,287	91,950	112,024	58,612	52,069
Allowance for Doubtful Accounts	(2,016)	(1,227)	(5,986)	(2,972)	(1,953)
Other Receivables	15,656	13,384			
	<u>259,927</u>	<u>104,107</u>	<u>106,038</u>	<u>55,640</u>	<u>50,116</u>
Net Assets:					
Without Donor Restrictions:					
Undesignated	866,874	301,303	31,198	(43,242)	17,681
Designated for Community Support	0	4,097	5,500		
Investment in Equipment	77,424	37,124	45,369	65,303	55,707
	<u>944,298</u>	<u>342,524</u>	<u>76,567</u>	<u>22,061</u>	<u>73,388</u>
With Donor Restrictions:					
Purpose Restriction	0	4,688	20,000		
	<u>944,298</u>	<u>347,212</u>	<u>96,567</u>	<u>22,061</u>	<u>73,388</u>

INDEPENDENT AUDITOR'S REPORT

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

Certified Public Accountants and Consultants

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

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, 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.

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.

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 from 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, 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.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial highlights on page 2 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 we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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, 2017 through 2019, and the related statements of activities, cash flows, and functional expenses for each of the three years ended June 30, 2019 (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 2017 through 2019 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 2017 through 2019 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 2017 through 2019 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

January 10, 2022

HEARTLAND COUNSELING SERVICES, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2021
 With Summarized Financial Information for June 30, 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents.....	\$ 704,958	\$ 546,863
Due from Region IV Mental Health Services District.....	98,135	123,098
Client Receivables, Net.....	244,271	90,723
Other Receivables.....	15,656	13,384
Prepaid License Fees.....	25,440	38,160
Prepaid Insurance.....	7,029	6,397
	<u>1,095,489</u>	<u>818,625</u>
Vehicles and Equipment, at Cost	261,062	196,520
Less Accumulated Depreciation.....	<u>183,638</u>	<u>159,396</u>
	77,424	37,124
Construction in Progress	<u>12,986</u>	<u> </u>
Total Assets	<u>\$ 1,185,899</u>	<u>\$ 855,749</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current Portion of Long-Term Debt.....	\$ 12,720	\$ 12,720
Payroll Protection Plan Loan.....		272,300
Accounts Payable.....	46,200	20,485
Payroll Taxes and Accrued Expenses.....	142,991	180,772
Conditional Grants.....	30,150	0
	<u>232,061</u>	<u>486,277</u>
Long-Term Debt	9,540	22,260
Net Assets:		
Without Donor Restrictions:		
Undesignated.....	866,874	301,303
Designated for Community Response Program.....		4,097
Investment in Equipment.....	<u>77,424</u>	<u>37,124</u>
	944,298	342,524
With Donor Restrictions:		
Purpose Restriction.....	<u>0</u>	<u>4,688</u>
Total Net Assets	<u>944,298</u>	<u>347,212</u>
Total Liabilities and Net Assets	<u>\$ 1,185,899</u>	<u>\$ 855,749</u>

HEARTLAND COUNSELING SERVICES, INC.
STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

With Summarized Financial Information for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Operating Activities:				
Revenues:				
Governmental Funding.....	\$ 962,292	\$	\$ 962,292	\$ 1,072,742
Client Service Fees.....	1,455,859		1,455,859	910,498
Total Revenue	2,418,151		2,418,151	1,983,240
Gains, and Other Support:				
Governmental Grants.....	250,169		250,169	231,752
Other Donations and Grants.....	8,185	942,893	951,078	133,085
Special Events (Net of Costs).....	34,074		34,074	25,931
Interest Income.....	709		709	54
Miscellaneous.....	9,839		9,839	6,871
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions.....	947,581	(947,581)	0	0
Total Gains and Other Support	1,250,557	(4,688)	1,245,869	397,693
Total Revenues, Gains, and Other Support	3,668,708	(4,688)	3,664,020	2,380,933
Expenses:				
Program Services:				
Mental Health.....	737,789		737,789	548,869
School Based Therapy.....	469,516		469,516	452,024
Community Support.....	88,161		88,161	80,089
Crisis Response.....	192,334		192,334	197,440
Day Rehab.....	138,217		138,217	139,747
Substance Abuse.....	334,334		334,334	309,777
IOP.....	52,664		52,664	46,997
Housing.....	337,864		337,864	
Special Services.....	867,431		867,431	306,224
	3,218,310	0	3,218,310	2,081,167
General and Administrative.....	120,924		120,924	54,621
Total Expenses	3,339,234	0	3,339,234	2,135,788
Change in Net Assets.....	329,474	(4,688)	324,786	245,145
Nonoperating Activities:				
Paycheck Protection Program.....	272,300		272,300	0
Change in Net Assets.....	601,774	(4,688)	597,086	245,145
Net Assets, Beginning of Year.....	342,524	4,688	347,212	102,067
Net Assets, End of Year	\$ 944,298	\$ 0	\$ 944,298	\$ 347,212

HEARTLAND COUNSELING SERVICES, INC.
STATEMENT OF CASH FLOWS

Year Ended June 30, 2021
 With Summarized Financial Information for the Year Ended June 30, 2020

	2021	2020
Cash Flows from Operating Activities:		
Cash Received:		
Governmental Funding.....	\$ 1,237,424	\$ 1,263,391
Client Service Fees.....	1,332,461	925,813
Miscellaneous.....	993,428	152,557
	<u>3,563,313</u>	<u>2,341,761</u>
Cash Disbursed:		
Cash Paid to Suppliers and Employees.....	3,314,970	2,097,114
Net Cash Provided by Operating Activities.....	248,343	244,647
Cash Flows from Investing Activities:		
Construction in Progress.....	(12,986)	
Purchase of Equipment.....	(64,542)	(9,407)
Net Cash Used by Investing Activities.....	(77,528)	(9,407)
Cash Flows from Financing Activities:		
Proceeds from Payroll Protection Program.....		272,300
Payments on Long-Term Borrowings.....	(12,720)	(64,071)
Net Cash Provided (Used) by Financing Activities.....	(12,720)	208,229
Net Increase in Cash.....	158,095	443,469
Cash, Beginning of Year.....	546,863	103,394
Cash, End of Year	\$ 704,958	\$ 546,863
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets.....	\$ 597,086	\$ 245,145
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	24,242	17,652
PPP Loan Forgiveness Income.....	(272,300)	
Changes in Operating Assets and Liabilities:		
Receivables.....	(130,857)	(39,172)
Prepaid Expenses.....	12,088	20,439
Accounts Payable.....	25,715	(15,841)
Payroll Taxes and Accrued Expenses.....	(37,781)	16,424
Deferred Revenue.....	30,150	0
Net Cash Provided (Used) by Operating Activities	\$ 248,343	\$ 244,647

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 Accounting

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. The financial statements are presented in accordance with Financial Standards Board (FASB) Accounting Codification (ASC) 958 dated August 2016 and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations.” ASC 958-205 was effective January 1, 2018.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues

Revenue is measured based on a consideration specified in a contract with a client and includes amounts collected from third party payors. The Agency recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The following is a description of principal activities from which the Agency generates its revenue.

Counseling Services and Governmental Funding – Therapeutic services to help children, adults, and families identify and understand areas of concern and makes steps towards establishing a healthy approach to everyday life and relationships. The contract is commenced when the client enters the clinic for their appointment with a counselor. Revenue is recognized based on unit of services that the client attends. Many of the services are billed to third-party payors, such as insurance, at an agreed upon fee. If the client is not covered by insurance, the client is billed for the service at a set amount per unit. Sliding fee scales may apply to some clients who cannot afford the full rate.

Cash and Cash Equivalents

The Agency considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Vehicles and Equipment

Equipment is recorded at cost or estimated fair value if donated. Depreciation is computed using the straight-line method over the estimated useful life of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Contributions and Grants

All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. If the promise is conditional, the contribution or grant is not recognized in the financial statements until the conditions are met.

Grants and other contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as without donor restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, or other assets, or an unconditional promise to give is received.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, consequently, is not subject to income taxes on income received for exempt purposes. During the year ended June 30, 2021, there were no non-exempt activities that would subject the organization to unrelated business income tax. The Agency's federal "Return of Organization Exempt for Income Tax" is available to the general public. The annual returns may be subject to examination by the Internal Revenue Service for three years after the due date for filing returns.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Comparative Financial Statements

The accompany financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash.....	\$ 704,958
Due from Region IV Mental Health Services District.....	98,135
Client Receivables, Net.....	<u>244,271</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 1,047,364</u>

As part of the Agency’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CLIENT RECEIVABLES

Client Receivables.....	\$ 246,287
Allowance for Doubtful Accounts.....	<u>(2,016)</u>
	<u>\$ 244,271</u>

VEHICLES AND EQUIPMENT

	<u>Useful Lives</u>	
Vehicle.....	5 years	\$ 154,867
Equipment.....	5 years	<u>106,195</u>
		261,062
Accumulated Depreciation.....		<u>183,638</u>
 Book Value		 <u>\$ 77,424</u>

Depreciation expense in 2021 was \$24,242.

LINE OF CREDIT

At June 30, 2021, the Agency has one line of credit:

	<u>Total Available</u>	<u>Balance Due</u>
All Assets.....	<u>\$ 100,000</u>	<u>\$ 0</u>

LONG-TERM DEBT

<u>Secured by</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Final Payment</u>	<u>Balance</u>
Software License.....	0.00%	1,060	April 2023	22,260
Less Current Portion.....				<u>12,720</u>
Long-Term Portion				<u>\$ 9,540</u>

Current maturities of long-term debt are as follows:

2021.....	\$ 12,720
2022.....	9,540

CONDITIONAL GRANTS

A conditional promise to give contains a donor stipulation that represents a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. Failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. Conditional promises to give are recognized when the conditions are substantially met.

<u>Condition</u>	<u>Beginning Balance</u>	<u>Conditional Contributions Received</u>	<u>Conditions Met</u>	<u>Unmet Conditional at End of Year</u>
Substance Abuse Prevention Events.....	\$	\$ 9,457	\$ 2,458	\$ 6,999
School-Based Mental Health Services.....		2,000	1,897	103
Service to Donor's Employees.....		36,802	12,213	24,589
Internship Program.....		3,000		3,000
Housing and Urban Development Rent Assistance.....	<u>134,945</u>	<u>107,278</u>	<u>242,223</u>	<u>0</u>
	<u>\$ 134,945</u>	<u>\$ 158,537</u>	<u>\$ 258,791</u>	<u>\$ 34,691</u>

NET ASSETS

Net assets with donor restrictions are as follows:

	<u>Beginning Balance</u>	<u>2021 Additions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Subject to Expenditure for Specified Purpose:				
HUD Rent Support.....	\$	\$ 243,585	\$ 243,585	\$ -
School-Based Mental Health Services.....		1,897	1,897	-
Substance Abuse Awareness and Prevention.....		6,999	6,999	-
CARES COVID-19 Grants.....		526,699	526,699	-
Nebraska Children and Family Grant.....		140,000	140,000	-
Other COVID-19 Grants.....		9,000	9,000	-
Service to Donor's Employees.....	4,688	12,213	16,901	-
Other.....		<u>2,500</u>	<u>2,500</u>	<u>-</u>
	<u>\$ 4,688</u>	<u>\$ 942,893</u>	<u>\$ 947,581</u>	<u>\$ -</u>

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.

OPERATING LEASES

	<u>Lease Expiration</u>	<u>Monthly Payment</u>
South Sioux City, Nebraska.....	Month-to-Month	\$ 7,580
O'Neill, Nebraska.....	Month-to-Month	600

Rent expense for the year ended June 30, 2021, was \$211,167.

FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on full-time equivalent employees calculated from a cost-study.

Subsequent Events

The Agency evaluated the effect subsequent events would have on the financial statements through January 10, 2022, which is the date the financial statements were available to be issued.

The Agency received an SBA 7a "Paycheck Protection Program" loan under the Cares Act in the amount of \$272,300 was forgiven.