MENTAL HEALTH AMERICA OF EASTERN MISSOURI
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

Mental Health America of Eastern Missouri

CONTENTS

Schmersahl Treloar & Co.
Certified Public Accountants

Independent Auditors' Report

Board of Directors
Mental Health America of Eastern Missouri
St. Louis, Missouri

We have audited the accompanying financial statements of Mental Health America of Eastern Missouri (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health America of Eastern Missouri as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schmersahl Treloar & Co., P.C.

St. Louis, Missouri
June 18, 2020

FINANCIAL STATEMENTS

Mental Health America of Eastern Missouri
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31, 2019	December 31, 2018
CURRENT ASSETS		
Cash and cash equivalents	$ 207,229	$ 191,396
Restricted cash	198,908	209,560
Pledges receivable - Net	32,981	34,200
Grants receivable	179,735	233,674
Prepaid expenses	10,615	7,474
Total Current Assets	629,468	676,304
INVESTMENTS	503,612	433,868
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	437,201	366,419
PROPERTY AND EQUIPMENT, NET	289,653	330,239
TOTAL ASSETS	$ 1,859,934	$ 1,806,830

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable	$ 2,206	$ 5,344
Accrued vacation and expenses	5,371	13,527
Deferred income	9,990	6,676
Custodial funds	198,908	209,560
Total Current Liabilities	216,475	235,107
NET ASSETS		
Without donor restrictions		
Undesignated	723,690	631,823
Net investment in property and equipment	289,653	330,239
Total Net Assets Without Donor Restrictions	1,013,343	962,062
With donor restrictions		
Perpetual in nature	437,201	366,419
Purpose restrictions	22,500	67,500
Time-restricted for future periods	170,415	175,742
Total Net Assets With Donor Restrictions	630,116	609,661
Total Net Assets	1,643,459	1,571,723
TOTAL LIABILITIES AND NET ASSETS	$ 1,859,934	$ 1,806,830

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF ACTIVITIES

	For the Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Representative Payee Fees:			
Amounts received on behalf of others	$ 1,726,148	$ -	$ 1,726,148
Less: Amounts remitted to or held on behalf of others	(1,645,502)	-	(1,645,502)
Net Representative Payee Fees	80,646	-	80,646
Public Support			
United Way	-	170,415	170,415
Foundations and trusts	34,783	36,000	70,783
Special events, net of direct expenses of $92,696	210,321	-	210,321
Donations	37,876	-	37,876
Program fees	130,348	-	130,348
Total Public Support	413,328	206,415	619,743
Revenue			
Change in beneficial interest in perpetual trusts	-	70,782	70,782
Investment return	62,587	-	62,587
Miscellaneous	11,455	-	11,455
Rental income	30,224	-	30,224
Net assets released from restrictions	256,742	(256,742)	-
Total Revenue	361,008	(185,960)	175,048
Total Public Support and Revenue	854,982	20,455	875,437
EXPENSES			
Program Services			
Community services	38,108	-	38,108
Public education	216,699	-	216,699
Consumer services	280,463	-	280,463
Professional education	64,712	-	64,712
Total Program Services	599,982	-	599,982
Supporting Services			
Management and general	147,038	-	147,038
Fundraising	56,681	-	56,681
Total Supporting Services	203,719	-	203,719
Total Expenses	803,701	-	803,701
CHANGE IN NET ASSETS	51,281	20,455	71,736
NET ASSETS, Beginning of year	962,062	609,661	1,571,723
NET ASSETS, End of year	$ 1,013,343	$ 630,116	$ 1,643,459

See accompanying notes to financial statements

Mental Health America of Eastern Missouri

STATEMENT OF ACTIVITIES

	For the Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Representative Payee Fees:			
Amounts received on behalf of others	$ 1,532,323	$ -	$ 1,532,323
Less: Amounts remitted to or held on behalf of others	(1,463,184)	-	(1,463,184)
Net Representative Payee Fees	69,139	-	69,139
Public Support			
United Way	-	175,742	175,742
Foundations and trusts	32,115	90,000	122,115
Special events, net of direct expenses of $86,705	218,153	-	218,153
Donations	80,365	-	80,365
Program fees	126,465	-	126,465
Total Public Support	457,098	265,742	722,840
Revenue			
Change in beneficial interest in perpetual trusts	-	(36,861)	(36,861)
Investment loss	(2,078)	-	(2,078)
Miscellaneous	16,347	-	16,347
Rental income	24,610	-	24,610
Net assets released from restrictions	259,045	(259,045)	-
Total Revenue	297,924	(295,906)	2,018
Total Public Support and Revenue	824,161	(30,164)	793,997
EXPENSES			
Program Services			
Community services	76,002	-	76,002
Public education	202,060	-	202,060
Consumer services	319,840	-	319,840
Professional education	54,729	-	54,729
Total Program Services	652,631	-	652,631
Supporting Services			
Management and general	134,188	-	134,188
Fundraising	63,059	-	63,059
Total Supporting Services	197,247	-	197,247
Total Expenses	849,878	-	849,878
CHANGE IN NET ASSETS	(25,717)	(30,164)	(55,881)
NET ASSETS, Beginning of year	987,779	639,825	1,627,604
NET ASSETS, End of year	$ 962,062	$ 609,661	$ 1,571,723

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services					Supporting Services				
	Community Services	Public Education	Consumer Services	Professional Education	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	Cost of Direct Benefits to Donors	Total
EXPENSES										
Salaries	$ 22,021	$ 126,577	$ 163,947	$ 37,970	$ 350,515	$ 63,824	$ 42,870	$ 106,694	$ -	$ 457,209
Employee benefits	3,044	18,577	24,265	5,928	51,814	13,095	5,927	19,022	-	70,836
Payroll taxes	1,747	10,118	13,003	3,035	27,903	5,010	3,400	8,410	-	36,313
Total Salaries and Related Expenses	26,812	155,272	201,215	46,933	430,232	81,929	52,197	134,126	-	564,358
Special events - fundraising	-	-	-	-	-	-	-	-	92,696	92,696
Consultant fees	4,113	23,823	30,619	7,146	65,701	19,691	-	19,691	-	85,392
Depreciation	1,955	11,323	14,553	3,397	31,228	9,358	-	9,358	-	40,586
Occupancy	1,675	5,361	7,407	1,293	15,736	11,819	-	11,819	-	27,555
Supplies	831	4,815	6,188	1,444	13,278	2,361	1,618	3,979	-	17,257
Miscellaneous	582	3,370	4,332	1,011	9,295	1,653	1,133	2,786	-	12,081
Insurance	396	2,291	2,945	687	6,319	1,894	-	1,894	-	8,213
Local transportation	378	2,192	2,817	-	5,387	2,470	-	2,470	-	7,857
Equipment rental and repairs	324	1,876	2,411	563	5,174	920	630	1,550	-	6,724
Telephone	285	1,653	2,125	496	4,559	1,367	-	1,367	-	5,926
In-kind services	-	-	-	-	-	5,886	-	5,886	-	5,886
Printing	277	1,602	2,059	481	4,419	785	538	1,323	-	5,742
Travel	-	-	216	427	643	3,718	-	3,718	-	4,361
Meetings and conferences	190	1,101	1,415	330	3,036	911	-	911	-	3,947
Postage	182	1,054	1,354	316	2,906	517	354	871	-	3,777
Dues	108	628	807	188	1,731	309	211	520	-	2,251
Advertising	-	338	-	-	338	1,350	-	1,350	-	1,688
Promotional activities	-	-	-	-	-	100	-	100	-	100
Total Expenses	38,108	216,699	280,463	64,712	599,982	147,038	56,681	203,719	92,696	896,397
Less: Cost of Direct Benefit to Donors	-	-	-	-	-	-	-	-	(92,696)	(92,696)
TOTAL EXPENSES STATEMENT OF ACTIVITIES	$ 38,108	$ 216,699	$ 280,463	$ 64,712	$ 599,982	$ 147,038	$ 56,681	$ 203,719	$ -	$ 803,701

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Program Services					Supporting Services				
	Community Services	Public Education	Consumer Services	Professional Education	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	Cost of Direct Benefits to Donors	Total
EXPENSES										
Salaries	$ 47,507	$ 118,710	$ 187,120	$ 34,305	$ 387,642	$ 72,881	$ 45,700	$ 118,581	$ -	$ 506,223
Employee benefits	6,585	16,456	25,938	4,755	53,734	10,103	6,335	16,438	-	70,172
Payroll taxes	3,773	9,430	14,863	2,725	30,791	5,789	3,630	9,419	-	40,210
Total Salaries and Related Expenses	57,865	144,596	227,921	41,785	472,167	88,773	55,665	144,438	-	616,605
Special events - fundraising	-	-	-	-	-	-	-	-	86,705	86,705
Consultant fees	8,194	24,175	35,144	5,917	73,430	20,453	-	20,453	-	93,883
Depreciation	1,613	4,029	6,352	1,164	13,158	4,025	-	4,025	-	17,183
Occupancy	4,047	10,114	15,942	2,923	33,026	2,903	-	2,903	-	35,929
Supplies	732	3,115	14,997	492	19,336	1,046	1,176	2,222	-	21,558
Miscellaneous	499	1,263	1,973	360	4,095	765	5,058	5,823	-	9,918
Insurance	876	2,200	3,452	633	7,161	2,178	-	2,178	-	9,339
Local transportation	135	1,757	5,569	-	7,461	284	-	284	-	7,745
Equipment rental and repairs	242	605	953	175	1,975	371	233	604	-	2,579
Telephone	556	1,389	2,189	401	4,535	1,387	-	1,387	-	5,922
In-kind services	-	-	-	-	-	6,970	150	7,120	-	7,120
Printing	490	6,488	1,929	354	9,261	751	471	1,222	-	10,483
Travel	-	-	-	-	-	721	-	721	-	721
Meetings and conferences	86	423	265	43	817	149	-	149	-	966
Postage	404	1,010	2,117	292	3,823	1,009	53	1,062	-	4,885
Dues	263	668	1,037	190	2,158	404	253	657	-	2,815
Advertising	-	228	-	-	228	999	-	999	-	1,227
Promotional activities	-	-	-	-	-	1,000	-	1,000	-	1,000
Total Expenses	76,002	202,060	319,840	54,729	652,631	134,188	63,059	197,247	86,705	936,583
Less: Cost of Direct Benefit to Donors	-	-	-	-	-	-	-	-	(86,705)	(83,795)
TOTAL EXPENSES STATEMENT OF ACTIVITIES	$ 76,002	$ 202,060	$ 319,840	$ 54,729	$ 652,631	$ 134,188	$ 63,059	$ 197,247	$ -	$ 849,878

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2019	Years Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 71,736	($ 55,881)
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	40,586	17,183
Change in beneficial interest in perpetual trusts	(70,782)	36,861
Net realized and unrealized (gains) losses on investments	(49,207)	8,634
(Increase) decrease in assets:		
Restricted cash	10,652	(46,739)
Pledges receivable, net of allowance	1,219	15,800
Grants receivable	53,939	(40,416)
Prepaid expenses	(3,141)	7,302
Increase (decrease) in liabilities:		
Accounts payable	(3,138)	(34,985)
Accrued vacation and expenses	(8,156)	(5,804)
Deferred income	3,314	6,676
Custodial funds	(10,652)	46,739
Net Change in Cash and Cash Equivalents from Operating Activities	36,370	(44,630)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(34,849)
Proceeds from sale of investments	138,179	239,503
Purchases of investments	(158,716)	(202,869)
Net Change in Cash and Cash Equivalents from Investing Activities	(20,537)	1,785
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,833	(42,845)
CASH AND CASH EQUIVALENTS, Beginning of year	191,396	234,241
CASH AND CASH EQUIVALENTS, End of year	$ 207,229	$ 191,396
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest expense	$ -	$ -
Income taxes	$ -	$ -

See accompanying notes to financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mental Health America of Eastern Missouri (the "Association") was founded in 1945 as the St. Louis Mental Hygiene Society. The Association is a member of Mental Health America, a national organization. The mission of the Association is to promote mental health, prevent mental disorders and achieve victory over mental illness through advocacy, education and service.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606).* Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606.

Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition,* and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Association's financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Association's reported historical revenue.

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made.* This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The implementation of this standard had no impact on the financial statements.

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 such assets 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.

Cash and Cash Equivalents

The Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Association maintains cash deposits in bank accounts which at times may exceed the federally insured limits. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) of up to $250,000 at each financial institution. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Pledges and Grants Receivable

Pledges and grants receivable are carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by uncollected receivables, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. At December 31, 2019 and 2018, the allowance for doubtful accounts for pledge receivable balances held a zero balance. There was no allowance on grants receivable at December 31, 2019 and 2018.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition

Contributions and Grants

All contributions are considered to be available for general use unless specifically restricted by the donor. The Association reports gifts of cash, grants, and other assets as support 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 a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the net assets with donor restrictions class for restrictions expiring during the year and transferred to the without donor restriction class as releases from restriction.

Program Revenue

Program revenue is derived from services provided by the Association for the Bridges program and other community education. Revenues are earned when the services are provided.

Special Event Revenue

The portion of ticket sales and sponsorship revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. Adoption of ASC 606 had no impact on the recognition of Special Event Revenue.

Contributed Services

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts recognized in the accompanying financial statements as in-kind contributions are included in donations and are offset by like amounts included in expenses or additions to property and equipment.

During the year ended December 31, 2019 and 2018, the Association received contributed professional services with a fair value on the date of donation of $5,886 and $7,120, respectively.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Concentration of Credit Risk

The Association generates receivables and revenues from grant agencies in the normal course of business. These grant agencies are located throughout the St. Louis metropolitan area. The Association does not require collateral to secure receivables from these agencies.

Financial Instruments

The following methods and assumptions were used by the Association in estimating its fair value disclosure for financial instruments.

The carrying amounts of cash and cash equivalents, restricted cash, pledges receivable, grants receivable, prepaid expenses, accounts payable, accrued vacation and expenses, deferred income and custodial funds approximate fair values due to the short-term maturities of these instruments.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the Statements of Financial Position. Net investment return is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

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 statements of financial position.

Property and Equipment

Purchased furniture, fixtures, equipment, buildings and building improvements are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which are seven years for furniture, fixtures and equipment, and thirty-nine years for the building and building improvements. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized.

Beneficial Interests in Third Party Trusts

The Association is a beneficiary of two trusts in which the donors have established the perpetual trust administered by trustees. The Association has the irrevocable right to receive the income earned on the trust assets in perpetuity owning 2.94% and 2.00% interest in the income derived from the respective trust operations. The amounts recorded in the statement of financial position represents the estimated fair value of the underlying trusts' assets.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Association qualifies as a nonprofit organization and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association does not have unrelated business income, excise taxes, or activities that would threaten its tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. The Association files an information return, IRS Form 990.

The Association's tax returns for tax years 2016 and later remain subject to examination by taxing authorities.

The Association adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax provisions of the Association related to the tax filings.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Functional Expense Allocation

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Association. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Due to the nature of the activities of the various programs and supporting services, the Association allocates these expenses based on the employees' time and effort.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 18, 2020 the date the financial statements were available to be issued.

B. INVESTMENTS

Cost, fair values, and unrealized appreciation (depreciation) at December 31, 2019 and 2018, are summarized as follows:

	December 31, 2019		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	$ 42,975	$ 42,975	$ -
Equities	123,275	171,704	48,429
Exchange traded debt	154,989	162,431	7,442
Fixed Income ETF & CDs	125,736	126,502	766
Total	$446,975	$503,612	$56,637

	December 31, 2018		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	$148,569	$148,569	$ -
Equities	125,306	143,261	17,955
Exchange traded debt	49,629	42,538	(7,091)
Fixed Income ETF & CDs	102,736	99,500	(3,236)
Total	$426,240	$433,868	$ 7,628

Interest and dividends and gains or losses included in Investment return in the Statements of Activities consist of the following at December 31:

	2019	2018
Net realized and unrealized gain (loss) on investments	$49,207	($ 8,634)
Interest and dividend income	13,380	6,556
Investment Return (Loss)	$62,587	($2,078)

C. FAIR VALUE MEASUREMENTS

The Association has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities including investments in certain hedge funds, commodities, managed futures, private equity, and real estate strategies.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values of assets measured on a recurring basis are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Cash & Cash Equivalents	$ 42,975	$ 42,975	$ -	$ -
Equities	171,704	171,704	-	-
Exchange traded debt	162,431	-	162,431	-
Fixed Income ETF & CDs	126,502	-	126,502	-
Total	$503,612	$214,679	$288,933	$ -
Beneficial Interests in Perpetual Trusts	$437,201	$ -	$ -	$437,201

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

C. FAIR VALUE MEASUREMENTS *(Continued)*

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Cash & Cash Equivalents	$148,569	$148,569	$ -	$ -
Equities	143,261	143,261	-	-
Exchange traded debt	42,538	-	42,538	-
Fixed Income ETF & CDs	99,500	-	99,500	-
Total	$433,868	$291,830	$142,038	$ -
Beneficial Interests in Perpetual Trusts	$366,419	$ -	$ -	$366,419

The values of the underlying assets within the Association's beneficial interest in perpetual trusts are determined by the benefactors' investment managers, who have derived these values form available information in actively traded markets. However, the Association does not have access to any existing markets in which its beneficial interest could be bought or sold. As a result, management has classified its interest in beneficial trusts as Level 3, subject to unobservable inputs, for purposes of fair value disclosure.

D. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

As of December 31, 2019 and 2018, the Association has a beneficial interest in perpetual trusts of $437,201 and $366,419 respectively. The trusts are maintained by outside fiscal agents and are not under the control of the Association. The Association's interests in the market value of the assets are recorded as net assets with donor restrictions since the trusts were created to continue in perpetuity.

The underlying investments in these trusts are comprised of marketable equity securities, fixed income, hedge funds, real estate, tangible assets, and temporary cash investments. Per donor's restrictions, the distributions received from the trusts shall be used for general operations, thus all income received has been recorded as contributions without donor restrictions.

For the years ended December 31, 2019 and 2018, the Association received income distributions of $11,033 and $12,156, respectively.

E. GRANTS RECEIVABLE

Grants receivable as of December 31st consist of the following:

	2019	2018
United Way	$170,415	$175,742
Baer Foundation	-	45,000
State of Missouri – Bridges Program	9,320	9,182
Missouri Foundation for Health	-	3,750
Total Grants Receivable	$179,735	$233,674

Of the grants receivable balance at December 31, 2019, $179,735 is scheduled to be collected during 2020.

F. PROPERTY AND EQUIPMENT

The components of the Association's property and equipment as of December 31st consist of the following:

	2019	2018
Land	$ 92,300	$ 92,300
Furniture, fixtures, and equipment	156,375	156,375
Building and building improvements	405,795	405,795
Software	78,708	78,708
	733,178	733,178
Less: accumulated depreciation	(443,525)	(402,939)
Total Property and Equipment, Net	$289,653	$330,239

G. RESTRICTED CASH

Restricted cash of $198,908 and $209,560 at December 31, 2019 and 2018 consists of custodial funds used for the Representative Payee Program which consist of the social security funds of assigned clients and are not used in the Association's program.

H. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31,	
	2019	2018
Subject to expenditure for a specific purpose		
Baer Foundation Grant	$ 22,500	$ 67,500
Subject to passage of time for periods		
After December 31,	170,415	175,742
Not subject to spending policy or appropriation		
Beneficial Interest in Perpetual Trust	437,201	366,419
Total Net Assets with Donor Restrictions	$630,116	$609,661

I. NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31:

	2019	2018
Purpose restrictions accomplished		
Baer Foundation	$ 45,000	$ 22,500
Missouri Foundation for Health	-	56,250
Barnes Jewish Hospital	36,000	-
	81,000	78,750
Time restrictions expired		
Passage of time	175,742	180,295
Total Net Assets Released from Restrictions	$256,742	$259,045

J. EMPLOYEE BENEFIT PLAN

The Association has a Simple IRA deferral plan which covers all employees from the start of their employment or the start of the plan, whichever is later. Each employee may elect to contribute up to 100%, not to exceed the limit set by the Internal Revenue Code, of annual compensation into the Plan. The Association makes contributions equal to 2% of an employee's gross salary. The Association's expense amounted to $7,623 and $8,066 in 2019 and 2018, respectively.

K. LINE OF CREDIT

In 2018, the Association renewed their line of credit agreement with a local bank. The agreement has a maximum credit facility of $70,000 at 5.5% interest rate expiring May 19, 2023. At December 31, 2019 and 2018, the line of credit had no borrowings.

L. RENTAL INCOME

On May 1, 2018, the Association entered into a three year lease with Parents as Teachers to lease out the lower level of the Association's building for $1,500 a month.

The Association has a lease agreement with SSM-SLUH, Inc. The agreement allows for SSM-SLUH, Inc. to use the Association's parking lot with quarterly rent payments.

Future lease revenue to be received under these leases are as follows:

Years Ended December 31,	
2020	$30,835
2021	19,477
2022	14,151
	$64,463

Rental income received was 30,224 and 24,610 for the years ended December 31, 2019 and 2018, respectively.

M. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Association receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Association maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. On a monthly basis, the Association determines the number of months their current cash balance would satisfy general operating expenditures.

M. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS *(Continued)*

The Association's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	$207,229	$191,396
Pledges and grants receivable	212,716	267,874
Investments	503,612	433,868
Total financial assets	923,557	893,138
Less amounts not available to be used within one year:		
Donor-restricted for purpose	22,500	67,500
Financial assets available to meet cash needs for general expenditures within one year	$901,057	$825,638

As more fully described in Note K, the Association also has a committed line of credit in the amount of $70,000, which it could draw upon in the event of an unanticipated liquidity need.

N. SUBSEQENT EVENT

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to negatively impact our financial results. While the Association expects this negative impact to be temporary, the severity and duration of the impact is uncertain at this time.

As a part of navigating the Association through these unprecedented times, management submitted an application with their bank for SBA loan funding under the Paycheck Protection Program (PPP) as provided by the recently passed Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

This application has been approved and loan funding in the amount of $114,330 was received on April 19, 2020. The terms are as follows: Loan is amortized over 24 months at 1% interest and there are no payments required for 6 months. Under certain circumstances all or part of the loan may be forgiven and converted to a grant. Whatever balance is not forgiven during that 6 months will be repaid over the remaining 18 months at equal principal payments plus interest monthly. The loan is unsecured and is guaranteed by the SBA.

In addition, in May of 2020 the Association entered into an agreement to sell the building the Association uses for its operations for $631,000. The sale is expected to close in August of 2020.