

**MENTAL HEALTH AMERICA OF EASTERN MISSOURI
(A NONPROFIT ASSOCIATION)**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

Mental Health America of Eastern Missouri

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Independent Auditors' Report

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mental Health America of Eastern Missouri and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Schmersahl Treloar & Co.

St. Louis, Missouri
June 23, 2022

FINANCIAL STATEMENTS

Mental Health America of Eastern Missouri
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,981,228	\$ 1,945,716
Restricted cash	395,565	371,176
Pledges receivable - Net	8,209	9,562
Grants receivable	63,006	162,700
Prepaid expenses	11,703	7,161
Total Current Assets	2,459,711	2,496,315
INVESTMENTS	590,683	543,531
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	536,449	479,766
PROPERTY AND EQUIPMENT, NET	9,378	37,106
TOTAL ASSETS	\$ 3,596,221	\$ 3,556,718

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 24,346	\$ 5,010
Accrued expenses	47,825	28,269
Deferred income	2,209	-
Custodial funds	395,565	371,176
Total Current Liabilities	469,945	404,455

NET ASSETS

Without donor restrictions		
Undesignated	2,508,130	2,527,824
With donor restrictions		
Perpetual in nature	536,449	479,766
Purpose restrictions	81,697	45,000
Time-restricted for future periods	-	99,673
Total Net Assets With Donor Restrictions	618,146	624,439
Total Net Assets	3,126,276	3,152,263
TOTAL LIABILITIES AND NET ASSETS	\$ 3,596,221	\$ 3,556,718

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF ACTIVITIES

	For the Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Representative Payee Fees:			
Amounts received on behalf of others	\$ 1,875,358	\$ -	\$ 1,875,358
Less: Amounts remitted to or held on behalf of others	(1,791,913)	-	(1,791,913)
Net Representative Payee Fees	83,445	-	83,445
Public Support			
United Way	-	-	-
Trusts	13,693	-	13,693
Non-government grants	120,880	-	120,880
Special events, net of direct expenses of \$72,690	128,787	-	128,787
Contributions	74,212	44,738	118,950
Special donation - BJC allocated funds	97,924	-	97,924
Program fees	205,431	-	205,431
Total Public Support	640,927	44,738	685,665
Revenue			
Change in beneficial interest in perpetual trusts	-	56,683	56,683
Investment return	48,773	-	48,773
Miscellaneous	2,195	-	2,195
Government grant PPP	110,091	-	110,091
Rental income	-	-	-
Gain on sale of fixed assets	-	-	-
Net assets released from restrictions	107,714	(107,714)	-
Total Revenue	268,773	(51,031)	217,742
Total Public Support and Revenue	993,145	(6,293)	986,852
EXPENSES			
Program Services			
Community services	69,265	-	69,265
Public education	258,266	-	258,266
Consumer services	379,628	-	379,628
Professional education	47,467	-	47,467
Total Program Services	754,626	-	754,626
Supporting Services			
Management and general	169,170	-	169,170
Fundraising	89,043	-	89,043
Total Supporting Services	258,213	-	258,213
Total Expenses	1,012,839	-	1,012,839
CHANGE IN NET ASSETS	(19,694)	(6,293)	(25,987)
NET ASSETS, Beginning of year	2,527,824	624,439	3,152,263
NET ASSETS, End of year	\$ 2,508,130	\$ 618,146	\$ 3,126,276

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Representative Payee Fees:			
Amounts received on behalf of others	\$ 1,941,527	\$ -	\$ 1,941,527
Less: Amounts remitted to or held on behalf of others	(1,859,136)	-	(1,859,136)
Net Representative Payee Fees	<u>82,391</u>	<u>-</u>	<u>82,391</u>
Public Support			
United Way	-	99,673	99,673
Trusts	11,005	-	11,005
Non-government grants	100	90,000	90,100
Special events, net of direct expenses of \$50,946	71,096	-	71,096
Contributions	76,037	-	76,037
Special donation - BJC allocated funds	1,154,433	-	1,154,433
Program fees	<u>167,236</u>	<u>-</u>	<u>167,236</u>
Total Public Support	<u>1,479,907</u>	<u>189,673</u>	<u>1,669,580</u>
Revenue			
Change in beneficial interest in perpetual trusts	-	42,565	42,565
Investment return	34,811	-	34,811
Miscellaneous	13,836	-	13,836
Government grant PPP	114,330	-	114,330
Rental income	23,817	-	23,817
Gain on sale of fixed assets	382,831	-	382,831
Net assets released from restrictions	<u>237,915</u>	<u>(237,915)</u>	<u>-</u>
Total Revenue	<u>807,540</u>	<u>(195,350)</u>	<u>612,190</u>
Total Public Support and Revenue	<u>2,369,838</u>	<u>(5,677)</u>	<u>2,364,161</u>
EXPENSES			
Program Services			
Community services	37,153	-	37,153
Public education	247,190	-	247,190
Consumer services	299,150	-	299,150
Professional education	<u>59,267</u>	<u>-</u>	<u>59,267</u>
Total Program Services	<u>642,760</u>	<u>-</u>	<u>642,760</u>
Supporting Services			
Management and general	137,176	-	137,176
Fundraising	<u>75,421</u>	<u>-</u>	<u>75,421</u>
Total Supporting Services	<u>212,597</u>	<u>-</u>	<u>212,597</u>
Total Expenses	<u>855,357</u>	<u>-</u>	<u>855,357</u>
CHANGE IN NET ASSETS	1,514,481	(5,677)	1,508,804
NET ASSETS, Beginning of year	<u>1,013,343</u>	<u>630,116</u>	<u>1,643,459</u>
NET ASSETS, End of year	<u>\$ 2,527,824</u>	<u>\$ 624,439</u>	<u>\$ 3,152,263</u>

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services					Supporting Services			Cost of Direct Benefits to Donors	Total
	Community Services	Public Education	Consumer Services	Professional Education	Total Program Services	Management and General	Fund-Raising	Total Supporting Services		
EXPENSES										
Salaries	\$ 39,708	\$ 135,007	\$ 216,094	\$ 27,169	\$ 417,978	\$ 59,711	\$ 65,139	\$ 124,850	\$ -	\$ 542,828
Employee benefits	6,115	20,790	33,275	4,184	64,364	9,194	10,031	19,225	-	83,589
Payroll taxes	2,964	10,079	16,132	2,028	31,203	4,458	4,863	9,321	-	40,524
Total Salaries and Related Expenses	48,787	165,876	265,501	33,381	513,545	73,363	80,033	153,396	-	666,941
Consultant fees	10,662	58,397	58,026	7,295	134,380	44,793	-	44,793	-	179,173
Special events - fundraising	-	-	-	-	-	-	-	-	72,690	72,690
Occupancy	4,365	14,841	23,754	2,987	45,947	25,160	-	25,160	-	71,107
Depreciation	2,028	6,896	11,039	1,388	21,351	6,377	-	6,377	-	27,728
Miscellaneous	1,080	3,671	5,875	739	11,365	2,491	1,624	4,115	-	15,480
Supplies	1,059	3,601	5,763	725	11,148	1,737	1,592	3,329	-	14,477
Insurance	645	2,192	3,509	441	6,787	2,134	1,582	3,716	-	10,503
Telephone	274	931	1,489	187	2,881	1,672	671	2,343	-	5,224
Printing	-	610	-	-	610	1,211	2,807	4,018	-	4,628
Advertising	52	178	284	36	550	3,926	-	3,926	-	4,476
Postage	-	-	34	-	34	3,422	644	4,066	-	4,100
Equipment rental and repairs	305	1,036	1,657	208	3,206	-	-	-	-	3,206
Travel	8	27	2,679	5	2,719	398	5	403	-	3,122
Dues	-	10	-	75	85	1,370	60	1,430	-	1,515
Local transportation	-	-	-	-	-	916	-	916	-	916
Meetings and conferences	-	-	18	-	18	200	25	225	-	243
In-kind services	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Total Expenses	69,265	258,266	379,628	47,467	754,626	169,170	89,043	258,213	72,690	1,085,529
Less: Cost of Direct Benefit to Donors	-	-	-	-	-	-	-	-	(72,690)	(72,690)
TOTAL EXPENSES										
STATEMENT OF ACTIVITIES	\$ 69,265	\$ 258,266	\$ 379,628	\$ 47,467	\$ 754,626	\$ 169,170	\$ 89,043	\$ 258,213	\$ -	\$ 1,012,839

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services					Supporting Services			Cost of Direct Benefits to Donors	Total
	Community Services	Public Education	Consumer Services	Professional Education	Total Program Services	Management and General	Fund-Raising	Total Supporting Services		
EXPENSES										
Salaries	\$ 20,932	\$ 152,920	\$ 180,848	\$ 33,910	\$ 388,610	\$ 53,947	\$ 60,142	\$ 114,089	\$ -	\$ 502,699
Employee benefits	2,622	19,152	22,650	4,247	48,671	6,757	7,532	14,289	-	62,960
Payroll taxes	1,348	9,845	11,642	2,183	25,018	3,473	3,872	7,345	-	32,363
Total Salaries and Related Expenses	24,902	181,917	215,140	40,340	462,299	64,177	71,546	135,723	-	598,022
Consultant fees	4,876	28,242	36,299	8,472	77,889	23,344	-	23,344	-	101,233
Special events - fundraising	-	-	-	-	-	-	-	-	50,946	50,946
Occupancy	2,390	7,650	10,569	1,845	22,454	16,865	-	16,865	-	39,319
Depreciation	1,831	10,605	13,630	3,182	29,248	8,765	-	8,765	-	38,013
Miscellaneous	525	3,041	3,909	912	8,387	1,491	1,022	2,513	-	10,900
Supplies	447	2,589	3,327	776	7,139	1,269	870	2,139	-	9,278
Insurance	449	2,595	3,336	778	7,158	2,146	-	2,146	-	9,304
Telephone	265	1,535	1,973	461	4,234	1,269	-	1,269	-	5,503
Printing	333	1,926	2,476	578	5,313	944	647	1,591	-	6,904
Advertising	-	508	-	-	508	2,027	-	2,027	-	2,535
Postage	429	2,482	3,188	744	6,843	1,217	833	2,050	-	8,893
Equipment rental and repairs	162	940	1,208	282	2,592	461	316	777	-	3,369
Travel	-	-	35	68	103	595	-	595	-	698
Dues	95	555	713	166	1,529	273	187	460	-	1,989
Local transportation	68	394	506	-	968	444	-	444	-	1,412
Meetings and conferences	381	2,211	2,841	663	6,096	1,829	-	1,829	-	7,925
In-kind services	-	-	-	-	-	6,060	-	6,060	-	6,060
Bad debt expense	-	-	-	-	-	4,000	-	4,000	-	4,000
Total Expenses	37,153	247,190	299,150	59,267	642,760	137,176	75,421	212,597	50,946	906,303
Less: Cost of Direct Benefit to Donors	-	-	-	-	-	-	-	-	(50,946)	(50,946)
TOTAL EXPENSES										
STATEMENT OF ACTIVITIES	\$ 37,153	\$ 247,190	\$ 299,150	\$ 59,267	\$ 642,760	\$ 137,176	\$ 75,421	\$ 212,597	\$ -	\$ 855,357

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 25,987)	\$ 1,508,804
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	27,728	38,012
Change in beneficial interest in perpetual trusts	(56,683)	(42,565)
Gain on sale of fixed assets	-	(382,831)
Bad debt	-	4,000
Net realized and unrealized (gains) losses on investments	(35,018)	(19,719)
(Increase) decrease in assets:		
Restricted cash	(24,389)	(172,268)
Pledges receivable, net of allowance	1,353	19,419
Grants receivable	99,694	17,035
Prepaid expenses	(4,542)	3,454
Increase (decrease) in liabilities:		
Accounts payable	19,336	2,804
Accrued expenses	19,556	22,898
Deferred income	2,209	(9,990)
Custodial funds	<u>24,389</u>	<u>172,268</u>
 Net Change in Cash and Cash Equivalents from Operating Activities	 <u>47,646</u>	 <u>1,161,321</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(5,544)
Proceeds from sale of fixed asset	-	602,910
Proceeds from sale of investments	53,116	122,817
Purchases of investments	<u>(65,250)</u>	<u>(143,017)</u>
 Net Change in Cash and Cash Equivalents from Investing Activities	 <u>(12,134)</u>	 <u>577,166</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 35,512	 1,738,487
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>1,945,716</u>	 <u>207,229</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 1,981,228</u>	 <u>\$ 1,945,716</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the year for:		
Interest expense	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 Association. The mission of the Association is to promote mental health, prevent mental disorders and achieve victory over mental illness through advocacy, education, and service.

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.

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.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

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. As of December 31, 2021, the Association had \$1,867,517 in excess of FDIC limits. 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, 2021 and 2020, the allowance for doubtful accounts for pledge receivable balances held a zero balance. There was no allowance on grants receivable at December 31, 2021 and 2020.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

Revenue Recognition

Contributions and Grants

All donations 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.

Contributed Services, In-Kind Donations and Rent

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. As part of the sale of the Association's building and lease-back, a portion of the rental expense is considered an in-kind donation (note K). 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 on the statements of activities.

During the year ended December 31, 2021 and 2020, the Association received contributed professional services and rent with a fair value on the date of donation of \$24,252 and \$20,130, respectively.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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 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.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

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.

Income Taxes

The Association qualifies as a nonprofit Association 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 2018 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 23, 2022 the date the financial statements were available to be issued.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

Reclassification

Certain December 31, 2020 amounts have been reclassified to conform to December 31, 2021 financial statements presentation.

B. **INVESTMENTS**

Cost, fair values, and unrealized appreciation (depreciation) at December 31, 2021 and 2020, are summarized as follows:

	December 31, 2021		
	Cost	Fair Value	Unrealized Appreciation
Cash and cash equivalents	\$197,635	\$197,635	\$ -
Equities	131,258	209,038	77,780
Exchange traded debt	129,985	146,275	16,290
Fixed Income ETF & CDs	36,795	37,735	940
Total	\$495,673	\$590,683	\$95,010
		December 31, 2020	
	Cost	Fair Value	Unrealized Appreciation
Cash and cash equivalents	\$154,704	\$154,704	\$ -
Equities	130,550	184,407	53,857
Exchange traded debt	154,987	171,066	16,079
Fixed Income ETF & CDs	32,736	33,354	618
Total	\$472,977	\$543,531	\$70,554

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

	2021	2020
Net realized and unrealized gains on investments	\$35,018	\$19,719
Interest and dividend income	13,755	15,092
Investment Return	\$48,773	\$34,811

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NOTES TO FINANCIAL STATEMENTS
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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)
<u>December 31, 2021</u>				
Cash & Cash Equivalents	\$197,635	\$197,635	\$ -	\$ -
Equities	209,038	209,038	-	-
Exchange traded debt	146,275	-	146,275	-
Fixed Income ETF & CDs	37,735	-	37,735	-
Total	<u>\$590,683</u>	<u>\$406,673</u>	<u>\$184,010</u>	<u>\$ -</u>
Beneficial Interests in Perpetual Trusts	<u>\$536,449</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$536,449</u>

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NOTES TO FINANCIAL STATEMENTS
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(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)
<u>December 31, 2020</u>				
Cash & Cash Equivalents	\$154,704	\$154,704	\$ -	\$ -
Equities	184,407	184,407	-	-
Exchange traded debt	171,066	-	171,066	-
Fixed Income ETF & CDs	33,354	-	33,354	-
Total	\$543,531	\$339,111	\$204,420	\$ -
Beneficial Interests in Perpetual Trusts	\$479,766	\$ -	\$ -	\$479,766

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 from 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, 2021 and 2020, the Association has a beneficial interest in perpetual trusts of \$536,449 and \$479,766 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, 2021 and 2020, the Association received income distributions of \$13,693 and \$11,005, respectively.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

E. GRANTS RECEIVABLE

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

	2021	2020
Baer Foundation	\$45,000	\$ 45,000
State of Missouri – Bridges Program	9,320	9,320
Behavioral Health Network	8,686	8,707
United Way	-	99,673
	<u>\$63,006</u>	<u>\$162,700</u>
Total Grants Receivable	<u>\$63,006</u>	<u>\$162,700</u>

Of the grants receivable balance at December 31, 2021, \$63,006 is scheduled to be collected during 2021.

F. PROPERTY AND EQUIPMENT

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

	2021	2020
Furniture, fixtures, and equipment	\$142,415	\$142,415
Software	78,708	78,708
	<u>221,123</u>	<u>221,123</u>
Less: accumulated depreciation	(211,745)	(184,017)
	<u>\$ 9,378</u>	<u>\$ 37,106</u>
Total Property and Equipment, Net	<u>\$ 9,378</u>	<u>\$ 37,106</u>

The Association sold its building during 2020 and has a short-term lease in place with the buyer as discussed in Note K.

G. RESTRICTED CASH

Restricted cash of \$395,565 and \$371,176 at December 31, 2021 and 2020 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.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

H. NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2021	2020
Subject to expenditure for a specific purpose		
Baer Foundation Grant	\$ 45,000	\$ 45,000
STL County Children’s Services	36,697	-
	81,697	45,000
Subject to passage of time for periods		
After December 31,	-	99,673
Not subject to spending policy or appropriation		
Beneficial Interest in Perpetual Trust	536,449	479,766
	536,449	479,766
Total Net Assets with Donor Restrictions	\$618,146	\$624,439

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:

	2021	2020
Purpose restrictions accomplished		
STL County Children’s Services	\$ 8,041	\$ -
Baer Foundation	-	67,500
	8,041	67,500
Time restrictions expired		
Passage of time	99,673	170,415
	99,673	170,415
Total Net Assets Released from Restrictions	\$107,714	\$237,915

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 \$6,837 and \$8,690 in 2021 and 2020, respectively.

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(Continued)

K. LEASE COMMITMENTS

The Association is lessee under a lease for the office space included as part of the sale of the Association's building, which expires in August of 2022. Per the lease agreement, the monthly expense is \$5,000 of which \$3,000 is cash and \$2,000 is considered a charitable contribution from the Lessor to the Association.

Subsequent to year end, the Association secured a new office lease for general operations which will commence in August of 2022 and will continue for 85 months. Per the lease agreement, the expense will be monthly installments of \$9,954 with an approximate 3% increase every 12 months.

Future minimum rental payments under these operating leases are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 70,770
2023	120,941
2024	124,580
2025	128,324
2026	132,161
Thereafter	<u>378,411</u>
Total	<u>\$955,187</u>

Rent expense (included within occupancy expense) in the financial statements was \$60,000 and \$21,839 for the years ended December 31, 2021 and 2020.

L. PAYCHECK PROTECTION PROGRAM GRANT

On April 20, 2020, the Association was granted a loan in the amount of \$114,330 from Midwest BankCentre, pursuant to the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under certain circumstances, all or part of the loan may be forgiven and converted to a grant.

As of December 31, 2020, the Association spent PPP funds on eligible expenses based on regulations such that the loan would be forgiven in full. As such, the Association converted \$114,330 to grant income for the year end December 31, 2020. Subsequent to year-end, on January 28, 2021, the Association received notification from the Small Business Administration the full amount of the loan had been forgiven.

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(Continued)

L. **PAYCHECK PROTECTION PROGRAM GRANT** (Continued)

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act provides the opportunity to obtain a forgivable “second draw” PPP loan. During the year, the Association submitted an application for SBA loan funding under the second draw PPP.

The Association obtained the second PPP loan from Midwest BankCentre on February 26, 2021, for the amount of \$110,091. Under certain circumstances, all or part of the loan may be forgiven. On October 7, 2021, the Association received notification from their lender that the entirety of the second PPP loan was forgiven, at which point, the Association converted the full amount to grant income.

M. **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.

The sale of the building associated with both the lease with Parents as Teachers & SSM-SLUH was finalized in 2020. Rent was only collected through September during 2020.

Rental income received was \$0 and \$23,817 for the years ended December 31, 2021 and 2020, respectively.

N. **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.

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 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020
 (Continued)

N. 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:

	2021	2020
Cash and cash equivalents	\$1,981,228	\$1,945,716
Pledges and grants receivable	71,215	172,262
Investments	590,683	543,531
Total financial assets	2,643,126	2,661,509
Less amounts not available to be used within one year:		
Donor-restricted for purpose	81,697	45,000
Financial assets available to meet cash needs for		
General expenditures within one year	\$2,561,429	\$2,616,509

O. SUBSEQUENT EVENTS

On January 19, 2022, the Association entered into a lease agreement to secure new office space. The terms of the lease are discussed in note K.