INDEPENDENCE CENTER

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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YEARS ENDED JUNE 30, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors
Independence Center
St. Louis, Missouri

We have audited the accompanying financial statements of Independence Center (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, 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 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 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 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 Independence Center as of June 30, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 9, 2020

INDEPENDENCE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 299,033	$ 918,722
Investments	5,733,757	6,460,682
Accounts Receivable, Less Reserve for Medicaid Services of $187,567 and $185,885, Respectively	1,148,858	973,480
Unconditional Promises to Give	-	5,000
Accounts Receivable - Affiliates	233,540	305,770
Other Current Assets	52,301	26,239
Total Current Assets	7,467,489	8,689,893
ACCOUNTS RECEIVABLE - AFFILIATES	124,643	124,643
PROPERTY AND EQUIPMENT		
Land	1,751,746	1,751,746
Buildings and Improvements	4,630,633	4,539,301
Equipment, Furniture, and Fixtures	1,725,660	1,509,885
Automobiles	132,872	132,872
Total Property and Equipment	8,240,911	7,933,804
Less: Accumulated Depreciation	(2,363,338)	(2,139,052)
Net Property and Equipment	5,877,573	5,794,752
OTHER ASSETS, Less: Accumulated Amortization of $13,668 and $13,167, Respectively	17,882	18,383
Total Assets	$ 13,487,587	$ 14,627,671

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Installments of Long-Term Debt	$ 2,439,089	$ 2,550,536
Accounts Payable	51,097	251,426
Accrued Expenses	1,376,913	1,281,087
Total Current Liabilities	3,867,099	4,083,049
LONG-TERM DEBT, Less Current Installments	-	2,727
Total Liabilities	3,867,099	4,085,776
NET ASSETS		
Without Donor Restrictions	9,549,226	10,541,895
With Donor Restrictions	71,262	-
Total Net Assets	9,620,488	10,541,895
Total Liabilities and Net Assets	$ 13,487,587	$ 14,627,671

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT						
Contributions	$ 187,414	$ -	$ 187,414	$ 107,437	$ -	$ 107,437
Special Events, Net of Expenses of $191,132 and $181,096 for 2020 and 2019, Respectively	358,004	-	358,004	490,107	-	490,107
Program Grants	35,289	-	35,289	241,755	-	241,755
Development Grants	125,360	85,000	210,360	74,585	-	74,585
Public Relief Funds	310,682	-	310,682	-	-	-
Total Public Support	1,016,749	85,000	1,101,749	913,884	-	913,884
REVENUE						
Fees	7,530,973	-	7,530,973	7,900,997	-	7,900,997
Housing Management	133,100	-	133,100	133,100	-	133,100
Interest and Dividend Income	272,990	-	272,990	262,342	-	262,342
Realized and Unrealized Gains (Losses)	41,964	-	41,964	15,098	-	15,098
Other Income	81,045	-	81,045	118,582	-	118,582
Total Revenue	8,060,072	-	8,060,072	8,430,119	-	8,430,119
NET ASSETS RELEASED FROM WITH DONOR RESTRICTIONS	13,738	(13,738)	-	-	-	-
Total Public Support and Revenue	9,090,559	71,262	9,161,821	9,344,003	-	9,344,003
PROGRAM SERVICES EXPENSE						
Clinical	1,882,896	-	1,882,896	1,619,094	-	1,619,094
Rehabilitation	5,557,468	-	5,557,468	5,404,677	-	5,404,677
Residential	1,574,122	-	1,574,122	1,463,069	-	1,463,069
Total Program Services Expense	9,014,486	-	9,014,486	8,486,840	-	8,486,840
SUPPORT SERVICES EXPENSE						
General and Administrative	696,708	-	696,708	643,802	-	643,802
Fundraising	372,034	-	372,034	398,288	-	398,288
Total Support Services Expense	1,068,742	-	1,068,742	1,042,090	-	1,042,090
Total Expenses	10,083,228	-	10,083,228	9,528,930	-	9,528,930
CHANGES IN NET ASSETS	(992,669)	71,262	(921,407)	(184,927)	-	(184,927)
Net Assets - Beginning of Year	10,541,895	-	10,541,895	10,726,822	-	10,726,822
NET ASSETS - END OF YEAR	$ 9,549,226	$ 71,262	$ 9,620,488	$ 10,541,895	$ -	$ 10,541,895

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services Expenses				Support Services Expenses			
	Clinical	Rehabilitation	Residential	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Contractual Salaries, Benefits, and Taxes	$ 1,301,451	$ 4,207,206	$ 1,259,593	$ 6,768,250	$ 284,588	$ 233,058	$ 517,646	$ 7,285,896
Other Personnel	356,399	-	-	356,399	-	-	-	356,399
Interest	13,602	51,726	5,230	70,558	11,505	855	12,360	82,918
Program Utilities, Training, and Supplies	8,502	382,648	165,209	556,359	587	-	587	556,946
Professional Development	545	27,735	1,948	30,228	21,236	470	21,706	51,934
Occupancy	44,791	115,499	25,523	185,813	93,897	2,342	96,239	282,052
Supplies and Telephone	19,358	85,328	21,448	126,134	49,387	2,115	51,502	177,636
Repairs, Maintenance, and IT Networking	29,185	141,971	40,042	211,198	143,421	7,945	151,366	362,564
Vehicle	216	142,338	1,697	144,251	10,746	1,604	12,350	156,601
Outside Fees	73,465	159,273	36,125	268,863	56,249	26,440	82,689	351,552
Marketing	-	1,732	-	1,732	-	285,549	285,549	287,281
Depreciation and Amortization	32,433	167,020	13,442	212,895	9,604	2,287	11,891	224,786
Miscellaneous	2,949	74,992	3,865	81,806	15,488	501	15,989	97,795
Total Expenses	1,882,896	5,557,468	1,574,122	9,014,486	696,708	563,166	1,259,874	10,274,360
Less: Special Events Netted Against Revenue on the Statement of Activities	-	-	-	-	-	(191,132)	(191,132)	(191,132)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 1,882,896	$ 5,557,468	$ 1,574,122	$ 9,014,486	$ 696,708	$ 372,034	$ 1,068,742	$ 10,083,228

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services Expenses				Support Services Expenses			
	Clinical	Rehabilitation	Residential	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total
Contractual Salaries, Benefits, and Taxes	$ 1,191,084	$ 4,074,859	$ 1,181,546	$ 6,447,489	$ 373,128	$ 259,089	$ 632,217	$ 7,079,706
Other Personnel	248,157	12,539	-	260,696	-	-	-	260,696
Interest	4,136	75,033	-	79,169	7,593	1,688	9,281	88,450
Program Utilities, Training, and Supplies	15,410	433,877	146,429	595,716	79	-	79	595,795
Professional Development	7,887	76,000	12,568	96,455	31,530	2,148	33,678	130,133
Occupancy	42,366	177,122	22,564	242,052	20,237	4,022	24,259	266,311
Supplies and Telephone	29,683	118,814	31,937	180,434	25,864	2,578	28,442	208,876
Repairs, Maintenance, and IT Networking	2,068	20,861	3,246	26,175	120,051	5,674	125,725	151,900
Vehicle	257	171,112	3,301	174,670	2,638	1,031	3,669	178,339
Outside Fees	47,021	88,723	50,023	185,767	46,699	10,024	56,723	242,490
Marketing	-	3,991	-	3,991	-	285,740	285,740	289,731
Depreciation and Amortization	30,425	150,775	11,361	192,561	15,983	3,368	19,351	211,912
Miscellaneous	600	971	94	1,665	-	4,022	4,022	5,687
Total Expenses	1,619,094	5,404,677	1,463,069	8,486,840	643,802	579,384	1,223,186	9,710,026
Less: Special Events Netted Against Revenue on the Statement of Activities	-	-	-	-	-	(181,096)	(181,096)	(181,096)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 1,619,094	$ 5,404,677	$ 1,463,069	$ 8,486,840	$ 643,802	$ 398,288	$ 1,042,090	$ 9,528,930

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions, Grants, and Earned Services	$ 8,939,851	$ 8,996,769
Cash Paid to Suppliers and Employees	(10,097,221)	(9,864,833)
Interest and Dividend Income Received	272,990	262,342
Interest Paid	(82,918)	(88,450)
Net Cash Used by Operating Activities	(967,298)	(694,172)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(4,669,644)	(2,763,815)
Sales and Maturities of Investments	5,438,533	5,970
Purchases of Property and Equipment	(307,106)	(64,556)
Net Cash Provided (Used) by Investing Activities	461,783	(2,822,401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(114,174)	(129,893)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(619,689)	(3,646,466)
Cash and Cash Equivalents - Beginning of Year	918,722	4,565,188
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 299,033	$ 918,722

See accompanying Notes to Financial Statements.

INDEPENDENCE CENTER
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Changes in Net Assets	$ (921,407)	$ (184,927)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	224,786	211,912
Realized and Unrealized Gains on Investments	(41,964)	(15,098)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(175,378)	(208,321)
Accounts Receivable - Affiliates	72,230	(50,569)
Unconditional Promises to Give	5,000	8,000
Other Current Assets	(26,062)	8,163
Accounts Payable	(200,329)	(31,308)
Accrued Expenses	95,826	(432,024)
Net Cash Used by Operating Activities	$ (967,298)	$ (694,172)

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Independence Center (the Center) is committed to providing a comprehensive system of high quality programs and services that assists adults in the St. Louis metropolitan area with serious and persistent mental illnesses to live and work in the community, independently, and with dignity. The Center promotes rehabilitation and employment, provides educational, social, and housing opportunities, and offers training in its approach to community based care.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting.

Basis of Presentation

Under accounting guidance, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions include contributed net assets for which donor imposed time and purpose restrictions have not been met. Net assets with donor restrictions in perpetuity, includes contributed net assets which require, by donor restriction, that the corpus be invested and only the income be made available for program operations in accordance with donor restrictions. At June 30, 2020 and 2019, the Center had $71,262 and $-0-, respectively, in net assets with donor restrictions.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The majority of the Center’s cash and cash equivalents are maintained at one bank. The bank provides maximum protection under regulations issued by the Federal Deposit Insurance Corporation (FDIC). There were uninsured deposits for the years ended June 30, 2020 and 2019. The Center’s investments are subject to the inherent risks associated with the securities markets.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program and Support Services

The following program and support services are included in the accompanying financial statements.

Program Services

Clinical

Clinical services have been provided at Independence Center Health Group (formerly known as Midwest Psychiatry) and Healthcare Home. Independence Center Health Group offers outpatient medication management and psychotherapy services. The clinic is staffed by board certified psychiatrists from the Department of Psychiatry at Washington University School of Medicine, board certified psychiatric and family practice nurse practitioners, licensed clinical social workers, and nursing staff. The clinic is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

The Center is a Missouri Healthcare Home. The Center inspires health and balance in all dimensions of wellness and believes a healthy lifestyle can greatly reduce the impact of a serious mental illness or medical condition. The Center's Healthcare Home team brings together social work, nursing, medical and behavioral health providers to assure an integrated and holistic health and wellness plan based on each member's needs. The Center provides annual health assessments, coordinates care between doctors, helps with medications, and promotes wellness through exercise, nutrition, and health education.

Rehabilitation

The Clubhouse program serves more than 1,200 members annually and provides opportunities for members to reach their goals of education, employment, social connection, and improved health and wellness, as well as providing community support and other services. It is one of the largest program of its type in the world and is accredited by CARF and Clubhouse International. The Center is designated as an international training base in the Clubhouse Model of psychosocial rehabilitation.

Residential

The Center is a leader in designing affordable and attractive residential and independent housing communities for its members. This program provides management and services to the members in the Center's four U.S. Department of Housing and Urban Development (HUD) certified buildings covering 71 total units. Thirty of these units at two sites are residential care facilities which provide 24/7 oversight, including meals, dispensing medications, and general assistance. The residential care facilities also work with residents to prepare for and learn to eventually transition to independent apartments. The remaining units at two sites provide independent living.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program and Support Services (Continued)

Support Services

General and Administrative

These expenses include the functions necessary to maintain the execution of the program strategy, secure proper administrative functioning of the board of directors, and manage the financial and budgetary responsibilities of the Center.

Fundraising

These expenses provide the structure necessary to encourage and secure financial support for the Center through contributions.

Cash and Cash Equivalents

The Center considers all highly liquid debt instruments purchased with a maturity of three months or less cash and cash equivalents. The Center often holds certain member cash balances in the Center's bank accounts. Such amounts, included within accounts payable, total $14,168 and $109,212 at June 30, 2020 and 2019, respectively.

Investment Valuation and Income Recognition

Investments in certificates of deposit maturing within one year and investments in mutual funds are classified as current investments. The investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains (losses) on disposal of investments represent the difference between the net sales or proceeds and the current value of such investments at the beginning of the year, or cost if acquired during the year. Donated investments are recorded as revenue at the average trade price on the date of donation and sold as soon as reasonably possible. Unrealized gains (losses) represent the difference between current aggregate market prices of investments at the end of the year and the values of those investments at the beginning of the year, or at the time of purchase if acquired during the year.

Accounts Receivable

Accounts receivable consists primarily of funding due from numerous agencies of the state of Missouri for payment of member rehabilitation and care. Collection and timing of collection receipts is dependent upon the type of services performed and the state agency to which it relates. Management has created an allowance for doubtful accounts which reflects management's best estimate of balances that will not be collected. Management individually reviews all accounts receivable balances that are not current within 30 days and estimates the portion, if any, of the balance that will not be collected. Due to contractual terms of these governmental agreements, no delinquency fees are assessed and no statements are mailed.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give due in future periods are recognized as revenues in the period the promises are received based on the present value of future cash flows. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. Management does not feel that an allowance is necessary at June 30, 2020 and 2019.

Fair Value Measurements

The Center follows an accounting standard that defines fair value and establishes a framework for measuring fair value. That framework provides 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). Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets and financial liabilities valued using Level 2 are based on inputs other than quoted prices (interest rates) that are observable for the financial asset or liability. Financial assets valued using Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value that rely on the reporting entity's own assumptions based on the best information available under the circumstances.

Inputs under this accounting standard refer broadly to the assumptions that market participants would use in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment

Property and equipment are stated at cost which, for those received by donation, is the fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Useful lives range from 7 to 40 years for building and improvements; 3 to 15 years for equipment, furniture, and fixtures; and 5 years for automobiles.

Additions, improvements, and renewals that extend the life of an asset are capitalized. Assets over $1,000 are capitalized. Maintenance and repairs are charged to expense as incurred.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Net Asset Classifications

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 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Revenue

Contributions and Grants

The Center reports contributions and other assets as without donor restriction and with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction is met in the same reporting period as receipt of the contribution. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. For contributions and grants with donor-imposed conditions, that is, those with a measurable performance or other barrier and a right of return or release, revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (Continued)

Net Patient Service Fees

Net patient service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled for providing patient care and other services and is reported net of contractual adjustments, if applicable. These amounts are primarily due from Medicaid but can be paid by private and public third-party contracts. Generally, the Center bills third party payors right after the services are performed.

Revenue under private and public third-party contracts is recorded at the reimbursement rate in effect under provisions of the contractual formulas with the respective third party. The Center grants credit to these providers based on general credit terms.

Housing Management Fees

The Center provides management services to housing facilities for members to have a place of residency. The management fees are a fixed, agreed-upon fee that is recognized over a period of time.

Charity Services

During the years ended June 30, 2020 and 2019, the Center provided unreimbursed charity services of $308,386 and $363,488 respectively, which represent the value of services provided to and for unfunded members.

Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to program services, management and general, or fundraising based on actual costs incurred by the program or supporting service, as well as management's estimate of time spent in the functional expense categories. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Center.

Tax Status

The United States Treasury Department has advised that the Center constitutes a qualified nonprofit organization and is, therefore, exempt from federal income taxes as an entity described in Section 501(c)(3) of the Internal Revenue Code.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers,* which is a principles-based standard that replaces all existing guidance under accounting principles generally accepted in the United States of America. Its core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. Management has completed its evaluation of the impact of adopting ASU 2014-09, Revenue from Contracts with Customers (Topic 606), on the Center's financial statements and internal revenue recognition policies.

ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Center adopted ASU 2014-09 using the modified retrospective method for all contracts effective January 1, 2019 and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collections trends. Modified retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of net assets at the date of initial application. The adoption of ASU 2014-09 did not have a significant impact on the Center's financial statements. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606, while comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

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.

Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through November 9, 2020, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2020	2019
Cash and Cash Equivalents	$ 299,033	$ 918,722
Investments	5,733,757	6,460,682
Accounts Receivable	1,148,858	973,480
Unconditional Promises to Give	-	5,000
Accounts Receivable - Affiliates	233,540	305,770
Total Current Financial Assets	7,415,188	8,663,654
Less: Net Assets With Donor Restrictions Relating to Current Financial Assets	(71,262)	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 7,343,926	$ 8,663,654

The Center manages its liquidity by maintaining adequate reserves to cover current long-term obligations and three months of general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Center anticipates collecting sufficient revenue to cover general expenditures. The Center also has an available revolving loan agreement with a maximum credit limit of $500,000 that could be used if needed.

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

All of the Center's promises to give are unconditional and are expected to be collected in the following periods at June 30:

	2020	2019
Promises to Give Due in Less Than One Year	$ -	$ 5,000
Total Unconditional Promises to Give	$ -	$ 5,000

NOTE 4 RELATED PARTIES

As of June 30, 2020 and 2019, the Center has advanced funds to other affiliated nonprofit corporations, with some of the same board of directors. These organizations are controlled by an operating agreement with HUD. Collection is intended to be pursued in the next year for the current portion, and thereafter, for the long-term portion. The receivable is unsecured. Collection is fully expected, and accordingly, no allowance has been provided. The following amounts are presented as receivables from affiliates as of June 30:

	2020	2019
Center Housing, Inc. (Center II)	$ 34,314	$ 46,061
Center Housing III, Inc. (Center III)	86,400	98,115
Center Housing II, Inc. (Center IV)	112,826	161,594
Current	233,540	305,770
Center Housing III, Inc. (Center III)	61,707	61,707
Center Housing II, Inc. (Center IV)	62,936	62,936
Long-Term	124,643	124,643
Total	$ 358,183	$ 430,413

In addition, the Center has a contractual relationship with BJC Behavioral Health. See Note 12.

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are stated at fair value in accordance with ASC 820, *Fair Value Measurements*. Unrealized gains and losses are computed based on historical cost and quoted market values. Investments consist of certificates of deposit and mutual funds. The fair values are as follows as of June 30:

	2020	2019
Certificates of Deposit	$ 1,807,690	$ 3,096,893
Mutual Funds:		
Balanced	3,926,067	1,680,775
Personal Strategy Income	-	1,683,014
Total Investments	$ 5,733,757	$ 6,460,682

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of significant financial assets that are measured on a recurring basis at June 30 are as follows:

	2020			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual Funds:				
Balanced	$ 3,926,067	$ -	$ -	$ 3,926,067
Total Assets at Fair Value	$ 3,926,067	$ -	$ -	3,926,067
Certificates of Deposit at Cost				1,807,690
Total Assets				$ 5,733,757

	2019			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual Funds:				
Balanced	$ 1,680,775	$ -	$ -	$ 1,680,775
Personal Strategy Income	1,683,014	-	-	1,683,014
Total Assets at Fair Value	$ 3,363,789	$ -	$ -	3,363,789
Certificates of Deposit at Cost				3,096,893
Total Assets				$ 6,460,682

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended June 30, 2020 and 2019.

Mutual funds are valued at the value of shares held by the Center at year-end. Certificates of deposit are valued at cost plus accrued interest and therefore, are not included within the fair value leveling.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

NOTE 6 NOTE PAYABLE — BANK

During the years ended June 30, 2020 and 2019, the Center maintained a revolving loan agreement with its bank with a $500,000 maximum credit limit with an automatically yearly renewal maturity date. Interest is payable monthly at the ICE LIBOR rate plus 2% at June 30, 2020 and 2019, and is collateralized by property, equipment, investments, and accounts receivable. The Center's revolving loan agreement contains an affirmative covenant requiring the Center to have a Debt Service Coverage Ratio of 1.60 to 1.00. For the year ended June 30, 2020, the Center was in violation of this covenant. Subsequent to June 30, 2020, the Center was provided a waiver letter from the bank which waived the covenant violation at June 30, 2020. See Note 7. At June 30, 2020 and 2019, there was no balance outstanding on this line of credit.

NOTE 7 LONG-TERM DEBT

Long-term debt consists of the following at June 30:

Description	2020	2019
Financial institution mortgage bearing interest at a rate of 6.54%, due in monthly principal and interest installments of $3,515 through July 2020, collateralized by real estate and a certificate of deposit.	$ -	$ 43,246
Financial institution mortgage bearing interest at a rate of 3.25%, due in monthly principal and interest installments of $14,694 through August 2023, with a balloon payment of $2,084,719 in September 2023, collateralized by real estate and accounts receivable.	2,439,089	2,510,017
Total	2,439,089	2,553,263
Less: Debt Classified as Current	(2,439,089)	(2,550,536)
Long-Term Debt, Less: Debt Classified as Current	$ -	$ 2,727

Aggregate annual maturities of long-term debt at June 30, 2020 are as follows:

Year Ending June 30,	Amount
2021	$ 98,731
2022	101,988
2023	105,353
2024	2,133,017
Total	$ 2,439,089

NOTE 7 LONG-TERM DEBT (CONTINUED)

The Center's note payable with BMO Harris Bank contains an affirmative covenant requiring the Center to have a Debt Service Coverage Ratio of 1.60 to 1.00. For the year ended June 30, 2020, the Center was in violation of this covenant. Subsequent to June 30, 2020, the Center was provided a waiver letter from the bank which waived the covenant violation at June 30, 2020. Management anticipates that the covenant may also be in violation at June 30, 2021. As a result, on the statement of financial position, the debt is shown as current, as it is at risk of being called by the bank as of June 30, 2021 if a waiver is not obtained as of that date.

NOTE 8 LEASES

The Center leases office equipment and vehicles under noncancelable operating leases which expire at various times through January 2024. The expenses associated with these leases were $31,920 and $16,172 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments for these leases are as follows as of June 30, 2019:

Year Ending June 30,	Amount
2021	$ 30,000
2022	30,000
2023	30,000
2024	15,268
Total	$ 105,268

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019 consist of:

	2020	2019
Purpose Restriction for Development Grants	$ 71,262	$ -

Assets released from restrictions for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Satisfaction of Purpose Restriction for Development Grants	$ 13,738	$ -

NOTE 10 GRANTS

The Center has been awarded various federal, state, city, county, and private grants for program and support services.

NOTE 11 THIRD-PARTY CONTRACTS

Part of the Center's services are to patients whose bills are paid in whole or in part by third-party payors, such as the Missouri Department of Behavioral Health, the Missouri Division of Vocational Rehabilitation, and BJC Behavioral Health. Under some of these programs, certain services are reimbursed at less than established rates under provisions of contractual formulas in effect.

NOTE 12 CONTRACTUAL AGREEMENTS

The Center operates under a contractual agreement with BJC Behavioral Health, whereby all personnel are employees of BJC Behavioral Health performing services for both BJC Behavioral Health and the Center. The agreement was renewed effective January 2015 and is still current. Salary and benefit expenses to BJC Behavioral Health for the years ended June 30, 2020 and 2019, was $7,285,896 and $7,079,706, respectively. The balance due to BJC Behavioral Health in accrued expenses at June 30, 2020 and 2019 was $1,167,213 and $1,243,382, respectively.

NOTE 13 INCOME TAXES

The Center has evaluated its tax positions taken for all open tax years. The Center is not currently under audit nor has the Center been contacted by the Internal Revenue Service.

Based on the evaluation of the Center's tax positions, management believes all positions taken would have been upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded as of June 30, 2020 and 2019.

NOTE 14 CONCENTRATION

A significant portion of the Center's revenue comes directly or indirectly through the Missouri Department of Behavioral Health. The Center's revenue for the years ended June 30, 2020 and 2019, from the Missouri Department of Behavioral Health was approximately 62% and 69%, respectively.

NOTE 15 RISK AND UNCERTAINTIES

In March of 2020, The World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Center for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.