

**FRIENDS OF JOHNSON COUNTY
MENTAL HEALTH CENTER, INC.**

FINANCIAL STATEMENTS

**Year Ended December 31, 2020
with
Independent Auditors' Report**

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

FINANCIAL STATEMENTS

December 31, 2020

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Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Friends of Johnson County Mental Health Center, Inc.

We have audited the accompanying financial statements of **Friends of Johnson County Mental Health Center, Inc.** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider 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.

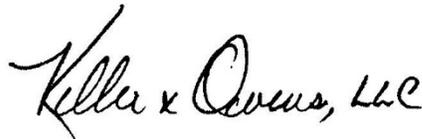
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Friends of Johnson County Mental Health Center, Inc.** as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2020, **Friends of Johnson County Mental Health Center, Inc.** adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Keller & Owens, LLC". The signature is written in black ink and is centered on the page.

Overland Park, Kansas
October 8, 2021

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

Assets:

Cash and Cash Equivalents:

Checking	\$	132,545
Certificate of deposit		34,073
Money market		<u>20,770</u>

Total Assets \$ 187,388

NET ASSETS

Net Assets:

Without donor restrictions	\$	52,725
With donor restrictions		<u>134,663</u>

Total Net Assets \$ 187,388

See accompanying notes

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 22,669	\$ 70,931	\$ 93,600
Grant funding	-	120,000	120,000
Interest income	209	-	209
Net assets released from restrictions	117,538	(117,538)	-
Total Revenues	140,416	73,393	213,809
Expenses:			
Program services	127,719	-	127,719
Management and general	640	-	640
Total Expenses	128,359	-	128,359
Change in Net Assets	12,057	73,393	85,450
Net Assets at Beginning of Year	40,668	61,270	101,938
Net Assets at End of Year	\$ 52,725	\$ 134,663	\$ 187,388

See accompanying notes

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	2020		
	Program	Management and General	Total
Contract Services	\$ 87,304	\$ -	\$ 87,304
Consumer Assistance	20,000	-	20,000
Registration Fees	12,852	-	12,852
Printing	3,644	-	3,644
Supplies	2,095	-	2,095
Tuition & Books Assistance	1,000	-	1,000
Advertising	381	-	381
Professional Fees	-	640	640
Food	343	-	343
Miscellaneous	100	-	100
Total Expenses	<u>\$ 127,719</u>	<u>\$ 640</u>	<u>\$ 128,359</u>

See accompanying notes

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

Cash Flows From Operating Activities:	
Cash received from donors	\$ 93,600
Cash received from grants	120,000
Interest received	209
Cash paid to vendors and others	<u>(128,359)</u>
Net Cash Provided by Operating Activities	<u>85,450</u>
Net Change in Cash and Cash Equivalents	85,450
Cash and Cash Equivalents, Beginning of Year	<u>101,938</u>
Cash and Cash Equivalents, End of Year	<u>\$ 187,388</u>

See accompanying notes

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. ORGANIZATION

Organization – Friends of Johnson County Mental Health Center, Inc. (the “Organization”), a nonprofit corporation, was organized in Kansas in 1990. Its goal is to support the vision and mission of Johnson County Mental Health Center (“JCMHC”), a department of Johnson County, Kansas. Support includes, but is not limited to, the encouragement of charitable giving to aid efforts in the delivery of quality mental health and substance use disorder services to persons in Johnson County, Kansas; the development and engagement of JCMHC staff to utilize research based interventions and best practices; and foster public awareness of support for JCMHC and its clients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents – For the purpose of the statement of cash flows, the Organization considers all cash in banks, money market accounts, and highly liquid financial instruments to be cash equivalents.

Concentrations of Risk – The Organization maintains its cash in bank accounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past. Management periodically evaluates the strength of the financial institutions in which funds are deposited and believes the Organization is not exposed to significant credit risks.

Functional Expense Allocation – The costs of providing the various programs and supporting activities of the entity have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, direct costs have been presented in the particular function to which they apply.

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes – The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as a publicly-supported organization which is not a private foundation within the meaning of Section 509(a)(1) of the code.

The Organization has adopted the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2020, and, accordingly, no liability has been accrued.

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. They also include any designations by the governing board, of which there were none at December 31, 2020.

Net assets with donor restrictions – Net assets subject to donor or certain grantor-imposed restrictions. All 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. The Organization report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Standards – During fiscal 2020, the Organization adopted FASB Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with customers, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization adopted the requirements of ASU 2014-09 utilizing the modified retrospective method of transition. No cumulative-effect adjustment to net assets was recorded because the adoption did not impact the Organization’s historical revenue. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. Adoption of ASU 2014-09 resulted in no material changes to the Organization’s accounting policies for revenue recognition, as contributions are exempt from ASU 2014-09. The impact of adopting ASU 2014-09 had no impact on 2020 revenues.

Revenue and Revenue Recognition – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Subsequent Events – Management has evaluated events and transactions that have occurred since December 31, 2020, and reflected their effects, if any, in these financial statements through October 8, 2021, the date the financial statements were available to be issued.

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position at December 31, 2020 are as follows:

Cash and cash equivalents	\$	187,388
Less: amounts unavailable due to restrictions:		
Restricted by donors with purpose restrictions		<u>(134,663)</u>
Total Financial Assets Available for General Expenditures within One Year	\$	<u>52,725</u>

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of monthly requirements in certificates of deposit.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2020:

Zero Reasons Why Campaign	\$	12,000
Client Scholarship Fund		9,128
Co-Responders		5,564
David Wiebe Staff Development		2,079
H&R Block Grant		25,000
UHC Empowering Health Grant		20,096
MCRT		1,393
MHFA & Assist		6,876
Prevention Services		4,140
Sources of Strength		18,898
Strengthening Families Program		1,698
Suicide Prevention Coalition		<u>27,791</u>
Total Net Assets with Donor Restrictions	\$	<u>134,663</u>

FRIENDS OF JOHNSON COUNTY MENTAL HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

4. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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 the donor as follows for the year ended December 31, 2020:

Zero Reasons Why Campaign	\$ 5,652
Client Scholarship Fund	200
UHC Empowering Health Grant	74,904
Sources of Strength	23,852
Suicide Prevention Coalition	<u>12,930</u>
Total Net Assets Released from Restrictions	<u>\$ 117,538</u>

5. CONCENTRATION OF REVENUE RISK

During 2020, the Organization received contributions and grant funding from three entities which accounted for approximately 44%, 12%, and 11% of total revenue, respectively.

6. NEW ACCOUNTING PRONOUNCEMENTS

ASU 2020-07, Not-for-Profit Entities

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments in this ASU are to be applied on a retrospective basis. The amendments should be applied for fiscal years beginning after June 15, 2021. Early adoption is permitted.

The Organization is evaluating the effect that this standard will have on its financial statements and related disclosures.

7. RISKS AND UNCERTAINTIES

The COVID-19 outbreak is causing serious health and financial risks globally. In addition, this crisis has the potential to negatively affect the Organization by reducing the ability to access capital, causing event cancellations, and reducing contributions and sponsorships due to financial uncertainties. While management is considering the current and future effects of the pandemic on the Organization, an estimate of any negative impacts and the means of mitigation are not known at this time.