

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
JUNE 30, 2010 AND 2009**

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
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FINANCIAL STATEMENTS	
Combined Statements of Financial Position	2-3
Combined Statements of Activities	4
Combined Statements of Cash Flows	5
Combined Statements of Functional Expenses	6-7
Notes to Combined Financial Statements	8-13

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION	14
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ADDITIONAL INFORMATION	
Combining Statements of Financial Position	15-18
Combined Contractual Receivables from Counties	19
Combining Statements of Activities	20-21
Combining Statements of Cash Flows	22-23
Combining Statements of Functional Expenses	24-27

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mental Health Center of North Iowa, Inc.
Mason City, Iowa

We have audited the accompanying combined statements of financial position of the Mental Health Center of North Iowa, Inc. (a nonprofit organization) and its combined service projects as of June 30, 2010 and 2009, and the related combined statements of activities, cash flows and functional expenses for the years then ended. These combined financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Mental Health Center of North Iowa, Inc. and its combined service projects as of June 30, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Potter & Brant, P.L.C.

Potter & Brant, P.L.C.
Certified Public Accountants
Clear Lake, Iowa
January 28, 2011

Clear Lake, IA
641-357-5291

Webster City, IA
515-832-4783

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009**

ASSETS	2010	2009
CURRENT ASSETS		
Cash:		
Cash on hand	\$ 100	\$ 100
Cash in bank	211,055	331,582
Receivables:		
Patient fees	775,032	438,807
Less allowance for doubtful accounts	(300,000)	(235,000)
Grants	64,570	57,338
Contractual receivables from counties	193,737	90,250
Service projects	62,126	18,845
Interest	4,308	9,944
Miscellaneous	48,144	2,615
Prepaid expenses	33,963	28,404
Investments	750,441	1,273,207
Total current assets	<u>1,843,476</u>	<u>2,016,092</u>
PROPERTY AND EQUIPMENT, at cost		
Land	2,000	2,000
Land improvements	35,161	35,161
Buildings	798,022	793,866
Furniture, fixtures and equipment	632,789	612,265
	<u>1,467,972</u>	<u>1,443,292</u>
Less accumulated depreciation	<u>(1,153,133)</u>	<u>(1,112,043)</u>
Property and equipment - net	<u>314,839</u>	<u>331,249</u>
OTHER ASSETS		
Investments	<u>109,484</u>	<u>88,900</u>
Total other assets	<u>109,484</u>	<u>88,900</u>
TOTAL ASSETS	<u>\$ 2,267,799</u>	<u>\$ 2,436,241</u>

See accompanying notes and auditor's report.

LIABILITIES AND NET ASSETS**2010****2009****CURRENT LIABILITIES**

Accounts payable	\$ 78,619	\$ 52,840
Accrued expenses	58,763	45,574

Total current liabilities/total liabilities	137,382	98,414
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NET ASSETS

Unrestricted:

Board designated for property and equipment	280,931	274,145
Board designated for special projects	145,337	261,084
Board designated for emergency services	111,117	107,205
Board designated for MHC/CSS projects	88,812	85,685
Board designated for Peer Helper	800	772
Undesignated	1,443,935	1,550,859

Total unrestricted	2,070,932	2,279,750
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Temporarily restricted	58,227	56,826
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Permanently restricted	1,258	1,251
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Total net assets	2,130,417	2,337,827
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TOTAL LIABILITIES AND NET ASSETS

\$ 2,267,799	\$ 2,436,241
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See accompanying notes and auditor's report.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

COMBINED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2010 and 2009

	2010	2009
UNRESTRICTED NET ASSETS		
Unrestricted public support and revenue:		
Unrestricted public support:		
Counties:		
Cerro Gordo	\$ 233,750	\$ 279,104
Floyd	51,842	72,376
Franklin	29,126	43,539
Hancock	33,626	50,520
Mitchell	38,427	48,258
Winnebago	38,311	49,704
Worth	20,484	31,772
Grants	112,119	148,522
United Way	21,500	26,000
Contributions	164	400
Total unrestricted public support	<u>579,349</u>	<u>750,195</u>
Unrestricted revenue:		
Third-party reimbursements	1,958,928	1,363,254
Net investment income	42,641	34,011
Gain (loss) on disposal of fixed assets	359	(444)
Medicaid cost report settlement	143,369	235,890
Other	9,459	11,741
Total unrestricted revenue	<u>2,154,756</u>	<u>1,644,452</u>
Total unrestricted public support and revenue	<u>2,734,105</u>	<u>2,394,647</u>
Expenses:		
Program services	1,958,098	1,459,857
Management and general	984,825	777,743
Fundraising	-	-
Total expenses	<u>2,942,923</u>	<u>2,237,600</u>
Increase (decrease) in unrestricted net assets	<u>(208,818)</u>	<u>157,047</u>
TEMPORARILY RESTRICTED NET ASSETS		
Net investment income	226	274
Grants	-	43,504
Contributions	1,175	1,100
Increase in temporarily restricted net assets	<u>1,401</u>	<u>44,878</u>
PERMANENTLY RESTRICTED NET ASSETS		
Net investment income	7	5
Increase in permanently restricted net assets	<u>7</u>	<u>5</u>
Increase (decrease) in net assets	<u>(207,410)</u>	<u>201,930</u>
Net assets, beginning of year	<u>2,337,827</u>	<u>2,135,897</u>
Net assets, end of year	<u>\$ 2,130,417</u>	<u>\$ 2,337,827</u>

See accompanying notes and auditor's report.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (207,410)	\$ 201,930
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	55,058	48,497
Provision for doubtful accounts	65,000	59,362
(Gain) loss on disposal of fixed assets	(359)	444
Unrealized (gain) loss on investments	(13,453)	13,520
Change in assets and liabilities:		
Increase in receivables	(530,118)	(3,966)
Increase in prepaid expenses	(5,559)	(2,460)
Increase in accounts payable	25,779	1,255
Increase (decrease) in accrued expenses	13,189	(29,545)
Net cash provided by (used in) operating activities	(597,873)	289,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property and equipment	1,798	-
Sale of investments	1,435,281	3,446,001
Purchase of property and equipment	(40,087)	(141,443)
Purchase of investments	(919,646)	(3,585,603)
Net cash provided by (used in) investing activities	477,346	(281,045)
Net increase (decrease) in cash	(120,527)	7,992
CASH		
Beginning of year	331,682	323,690
End of year	<u>\$ 211,155</u>	<u>\$ 331,682</u>

See accompanying notes and auditor's report.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2010 and 2009**

	2010			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 867,218	\$ 488,042	\$ -	\$ 1,355,260
Payroll taxes	79,210	36,674	-	115,884
Employee benefits	150,508	104,386	-	254,894
Total salaries and related expenses	1,096,936	629,102	-	1,726,038
Professional fees	1,328	46,707	-	48,035
Anasazi training	-	35,786	-	35,786
ProFiler training	-	29,851	-	29,851
Continued education	15,244	2,065	-	17,309
Insurance	16,559	5,394	-	21,953
Office supplies and postage	40,857	15,525	-	56,382
Program supplies	7,812	-	-	7,812
Rent	31,923	-	-	31,923
Telephone and utilities	38,513	9,451	-	47,964
Repairs and maintenance	75,262	9,608	-	84,870
Depreciation	42,816	12,242	-	55,058
Service and outreach travel	19,591	174	-	19,765
Provision for doubtful accounts	-	175,812	-	175,812
Staff recruiting	563	1,434	-	1,997
Internship expenses	-	-	-	-
Psychiatric services	550,474	-	-	550,474
Nursing services	-	-	-	-
Periodicals, publications and miscellaneous services	565	-	-	565
C.M.H.C. Association dues	2,105	234	-	2,339
Meetings and forums	-	3,138	-	3,138
Miscellaneous	17,550	8,302	-	25,852
Total expenses	\$ 1,958,098	\$ 984,825	\$ -	\$ 2,942,923

See accompanying notes and auditor's report.

2009

Program Services	Management and General	Fundraising	Total
\$ 745,179	\$ 458,892	\$ -	\$ 1,204,071
59,967	34,226	-	94,193
156,160	104,656	-	260,816
961,306	597,774	-	1,559,080
(178)	21,811	-	21,633
-	12,548	-	12,548
-	8,000	-	8,000
11,995	6,012	-	18,007
12,398	6,079	-	18,477
42,118	15,930	-	58,048
2,915	-	-	2,915
17,820	-	-	17,820
33,943	6,560	-	40,503
63,370	9,096	-	72,466
39,179	9,318	-	48,497
19,954	535	-	20,489
-	59,362	-	59,362
4,670	16,030	-	20,700
-	-	-	-
226,977	-	-	226,977
3,836	-	-	3,836
1,062	-	-	1,062
2,776	309	-	3,085
-	2,134	-	2,134
15,716	6,245	-	21,961
<u>\$ 1,459,857</u>	<u>\$ 777,743</u>	<u>\$ -</u>	<u>\$ 2,237,600</u>

See accompanying notes and auditor's report.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2010 and 2009**

Note 1. Summary of Significant Accounting Policies

Organization and Nature of Activities: Mental Health Center of North Iowa, Inc. (the Center) is a nonprofit organization providing diagnosis and treatment of general psychiatric and psychological disorders in Cerro Gordo, Floyd, Franklin, Hancock, Mitchell, Winnebago, and Worth Counties in Iowa.

Principles of Combination: The combined financial statements include the accounts of the Center and its service projects, Community Support Programs. All intercompany balances and transactions are eliminated in combination.

Cash and Cash Equivalents: The Center considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. The Center had no cash equivalents as of June 30, 2010 and 2009.

Allowance for Doubtful Accounts: The Center maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments on the outstanding accounts receivable. The allowance is maintained at a level considered appropriate based on past experience in the collection of accounts receivable and analysis of outstanding balances. The Center's credit risks have been anticipated and management believes that adequate provision has been made for doubtful accounts. Write-offs are recorded when, in the judgment of management, a receivable is considered uncollectible.

Investments: Investments are carried at market value. Realized and unrealized gains and losses on investments are recorded in the statement of activities.

Depreciation: Depreciation of property and equipment is computed by the straight-line method, with a half-year's depreciation charged in the year of acquisition and in the year of disposal. Estimated useful lives were assigned as follows:

	<u>Years</u>
Land improvements	10 - 40
Buildings	7 - 50
Furniture, fixtures and equipment	3 - 15

The Center's policy is to capitalize items exceeding \$500 with a life expectancy of three or more years, unless they are clearly repair and maintenance items.

Basis of Presentation: Net assets and revenues, expenses, gains and losses are classified as unrestricted, temporarily restricted, or permanently restricted, based on the existence and/or nature of any donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

Unrestricted - all amounts over which the Board of Directors and management have discretionary control. The Board of Directors has designated funds for property and equipment to cover future costs for remodeling and expansion of facilities. Special project savings are designated by the Board of Directors for financing deficit budgets, building and equipment capital expenditures and hiring of a full-time psychiatrist. Furniture and fixtures savings are designated by the Board of Directors for purchases of furniture and fixtures.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2010 and 2009**

Temporarily Restricted - The Miles Pothast Memorial savings account is restricted by an agreement with the donor's wife that she will make the final decisions as to the use of the money. Plans for the proceeds include sponsoring continuing education workshops. Excess donations received for the 50th Anniversary Celebration have been temporarily restricted for educational materials for the Center. Also, several donations were received for specific program expenses. As of June 30, 2010, unused grant proceeds from Magellan were temporarily restricted. Also, the Center received funds in 1997 that were restricted for the purchase of a van. See the following schedule for temporarily restricted balances as of:

	06/30/10	06/30/09
Memorials	\$ 5,351	\$ 4,650
50th Anniversary Celebration - education materials	572	572
Survivor of Suicide and Columbia Teen Screen	1,000	1,000
Suicide Prevention	1,800	1,100
Magellan Telehealth Grant	43,504	43,504
Van	6,000	6,000
	\$ 58,227	\$ 56,826

Permanently Restricted - The Hayward Goodspeed Memorial savings account is restricted by the donor's will for the purchase of psychological books with 90% of the income earned each year. The remaining 10% is to be added to the savings account balance and cannot be distributed until such time as the Center should cease operations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Contributions: The Center has adopted FASB *Accounting Standards Codification* 958 (Formerly SFAS No. 116), *Accounting for Contributions Received and Contributions Made*. Gifts of cash and other assets are reflected as contributions in the accompanying statements at their estimated fair market value at the date of receipt. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

The Center also receives the use of donated facilities for various programs, which have not been valued as of June 30, 2010 or June 30, 2009.

Contributions of services are recognized as revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by persons possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the financial statements for contributed services, since they are not significant to the Center.

Income Recognition: Income from grants and the United Way is recognized at the time the Center has done everything necessary to establish its rights to the income.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2010 and 2009**

Functional Allocation of Expenses: The costs of providing various programs and support services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the programs and supporting services receiving benefit from the expenditures.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status: There is no provision for income tax expense or liability since the organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2. Investments

Investments as of June 30, 2009 are stated at fair value and consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Certificates of Deposit	\$ 848,592	\$ 848,592	\$ -
Money Market Fund	424,615	424,615	-
Mutual Funds	<u>106,151</u>	<u>88,900</u>	<u>(17,251)</u>
	<u>\$ 1,379,358</u>	<u>\$ 1,362,107</u>	<u>(17,251)</u>
Plus: Prior Years' Unrealized Loss			<u>3,731</u>
Current Year Unrealized Loss			<u>\$ (13,520)</u>

Investments as of June 30, 2010 are stated at fair value and consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Certificates of Deposit	\$ 620,707	\$ 620,707	\$ -
Money Market Fund	129,734	129,734	-
Mutual Funds	<u>113,282</u>	<u>109,484</u>	<u>(3,798)</u>
	<u>\$ 863,723</u>	<u>\$ 859,925</u>	<u>(3,798)</u>
Plus: Prior Years' Unrealized Loss			<u>17,251</u>
Current Year Unrealized Gain			<u>\$ 13,453</u>

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2010 and 2009**

A summary of the investments as of June 30, 2010 and 2009 is as follows:

	Certificates of Deposit	Money Market Fund	Mutual Funds	Total
End of year balance, June 30, 2008	520,000	620,268	95,758	1,236,026
Purchases and donations	1,736,415	1,834,058	-	3,570,473
Unrealized loss on investments	-	-	(13,520)	(13,520)
Interest and dividends	28,212	7,518	6,712	42,442
Redemptions and transfers	(1,436,035)	(2,037,229)	(50)	(3,473,314)
End of year balance, June 30, 2009	848,592	424,615	88,900	1,362,107
Purchases and donations	620,706	266,852	-	887,558
Unrealized gain on investments	-	-	13,453	13,453
Interest and dividends	22,452	2,504	7,131	32,087
Redemptions and transfers	(871,044)	(564,237)	-	(1,435,281)
End of year balance, June 30, 2010	<u>\$ 620,707</u>	<u>\$ 129,734</u>	<u>\$ 109,484</u>	<u>\$ 859,925</u>

Investments are presented in the financial statements in these categories as of:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Investments, current	\$ 750,441	\$ 1,273,207
Investments, long term	109,484	88,900
Total investments	<u>\$ 859,925</u>	<u>\$ 1,362,107</u>

Note 3. Fair Value Measurements

As of the beginning of the fiscal year ended June 30, 2009, the Center implemented FASB *Accounting Standards Codification* 820, Fair Value Measurements. FASB *Accounting Standards Codification* 820 establishes 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 under FASB *Accounting Standards Codification* 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2010 and 2009

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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.

The following tables present by level, within the fair value hierarchy, the Center's investments at fair value, as of June 30, 2010 and June 30, 2009. As required by FASB *Accounting Standards Codification* 820, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

<u>Description</u>	<u>6/30/2010</u> Quoted Prices in Active Markets for Identical Assets (Level 1)	<u>6/30/2009</u> Quoted Prices in Active Markets for Identical Assets (Level 1)
Short-term Investments	\$ 750,441	\$ 1,273,207
Long-term Investments	109,484	88,900
Total	<u>\$ 859,925</u>	<u>\$ 1,362,107</u>

Note 4. Net Investment Income

Investment return is summarized as follows:

	<u>Period Ending June 30,</u>	
	<u>2010</u>	<u>2009</u>
Interest income	\$ 22,299	\$ 42,375
Dividend income	7,132	6,712
Unrealized gain (loss) on investments	13,453	(13,520)
Investment fees	(10)	(1,277)
	<u>\$ 42,874</u>	<u>\$ 34,290</u>

Note 5. Commitments and Contingencies

The Center leases office space in Cerro Gordo County and Franklin County with minimum lease obligations as follows:

	<u>Period Ending June 30,</u>
2011	26,400
2012	26,400
2013	26,400
2014	26,400
2015	15,400

Rent expenses under all leases for the years ended June 30, 2010 and 2009 were \$31,923 and \$17,820, respectively.

Note 6. Pension Plan

The Center has a defined contribution plan covering all employees who have completed at least one full year of

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2010 and 2009**

continuous service and worked more than 1,000 hours. The Center contributes, on behalf of each of the employees who are members of the plan, an amount equal to 6% of the annual compensation of these employees and reflects this as an operating expense which amounted to \$57,962 and \$64,515 for the years ended June 30, 2010 and 2009, respectively.

Note 7. Self-Insurance

The Center is required by Iowa law to have its employees covered by unemployment insurance. The Iowa Workforce Development has granted the Center the privilege of funding its own unemployment benefits. Total unemployment benefits paid for the years ended June 30, 2010 and 2009, were \$15,156 and \$4,385, respectively.

Note 8. Concentration of Credit Risk

The Center is required by the Statement of Financial Accounting Standards No. 105, "Disclosure of Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk," to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments that potentially subject the Center to concentration of credit risk consist primarily of temporary cash investments. The Center has funds deposited with First Citizens National Bank in amounts exceeding federally insured limits.

Note 9. Subsequent Event

The Center is evaluating a reorganization plan that would change the structure of the board. A new business plan for the Center is also being considered.

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Mental Health Center of North Iowa, Inc.
Mason City, Iowa

We have audited the combined financial statements of the Mental Health Center of North Iowa, Inc. and its combined service projects as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated January 28, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The additional information on pages 15 through 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Potter & Brant, P.L.C.

Potter & Brant, P.L.C.
Certified Public Accountants
Clear Lake, Iowa
January 28, 2011

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2010

ASSETS	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
CURRENT ASSETS				
Cash				
Cash on hand	\$ 100	\$ -	\$ -	\$ 100
Cash in bank	184,243	26,812	-	211,055
Receivables				
Patient fees, net of allowance for doubtful accounts	564,399	-	89,367	475,032
Grants	63,854	716	-	64,570
Contractual receivables from counties	161,497	42,240	10,000	193,737
Service projects	-	62,126	-	62,126
Interdivisional	4,698	2,801	7,499	-
Interest	4,204	104	-	4,308
Miscellaneous	28,085	20,059	-	48,144
Prepaid expenses	28,343	5,620	-	33,963
Investments	582,201	168,240	-	750,441
Total current assets	<u>1,621,624</u>	<u>328,718</u>	<u>106,866</u>	<u>1,843,476</u>
PROPERTY AND EQUIPMENT, at cost				
Land	2,000	-	-	2,000
Land improvements	35,161	-	-	35,161
Buildings	798,022	-	-	798,022
Furniture, fixtures and equipment	595,002	37,787	-	632,789
	<u>1,430,185</u>	<u>37,787</u>	<u>-</u>	<u>1,467,972</u>
Less accumulated depreciation	<u>(1,115,759)</u>	<u>(37,374)</u>	<u>-</u>	<u>(1,153,133)</u>
Property and equipment - net	<u>314,426</u>	<u>413</u>	<u>-</u>	<u>314,839</u>
OTHER ASSETS				
Investments	109,484	-	-	109,484
Total other assets	<u>109,484</u>	<u>-</u>	<u>-</u>	<u>109,484</u>
TOTAL ASSETS	<u>\$ 2,045,534</u>	<u>\$ 329,131</u>	<u>\$ 106,866</u>	<u>\$ 2,267,799</u>

See auditor's report on additional information.

LIABILITIES AND NET ASSETS	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
CURRENT LIABILITIES				
Accounts payable	\$ 77,445	\$ 1,174	\$ -	\$ 78,619
Accounts payable, service projects	102,168	4,698	106,866	-
Accrued expenses	49,580	9,183	-	58,763
Total current liabilities/total liabilities	<u>229,193</u>	<u>15,055</u>	<u>106,866</u>	<u>137,382</u>
NET ASSETS				
Unrestricted:				
Board designated for property and equipment	175,412	105,519	-	280,931
Board designated for special projects	145,337	-	-	145,337
Board designated for emergency services	111,117	-	-	111,117
Board designated for MHC/CSS projects	88,812	-	-	88,812
Board designated for Peer Helper	800	-	-	800
Undesignated	1,235,378	208,557	-	1,443,935
Total unrestricted	<u>1,756,856</u>	<u>314,076</u>	-	<u>2,070,932</u>
Temporarily restricted	58,227	-	-	58,227
Permanently restricted	1,258	-	-	1,258
Total net assets	<u>1,816,341</u>	<u>314,076</u>	-	<u>2,130,417</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,045,534</u></u>	 <u><u>\$ 329,131</u></u>	 <u><u>\$ 106,866</u></u>	 <u><u>\$ 2,267,799</u></u>

See auditor's report on additional information.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

COMBINING STATEMENT OF FINANCIAL POSITION

June 30, 2009

ASSETS	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
CURRENT ASSETS				
Cash				
Cash on hand	\$ 100	\$ -	\$ -	\$ 100
Cash in bank	292,465	39,117	-	331,582
Receivables				
Patient fees, net of allowance for doubtful accounts	228,601	-	24,794	203,807
Grants	47,066	10,272	-	57,338
Contractual receivables from counties	74,510	15,740	-	90,250
Service projects	-	18,845	-	18,845
Interdivisional	-	18,615	18,615	-
Interest	9,039	905	-	9,944
Miscellaneous	24,415	-	21,800	2,615
Prepaid expenses	24,375	4,029	-	28,404
Investments	1,062,262	210,945	-	1,273,207
Total current assets	<u>1,762,833</u>	<u>318,468</u>	<u>65,209</u>	<u>2,016,092</u>
PROPERTY AND EQUIPMENT, at cost				
Land	2,000	-	-	2,000
Land improvements	35,161	-	-	35,161
Buildings	793,866	-	-	793,866
Furniture, fixtures and equipment	574,478	37,787	-	612,265
	<u>1,405,505</u>	<u>37,787</u>	<u>-</u>	<u>1,443,292</u>
Less accumulated depreciation	(1,075,494)	(36,549)	-	(1,112,043)
Property and equipment - net	<u>330,011</u>	<u>1,238</u>	<u>-</u>	<u>331,249</u>
OTHER ASSETS				
Investments	88,900	-	-	88,900
Total other assets	<u>88,900</u>	<u>-</u>	<u>-</u>	<u>88,900</u>
TOTAL ASSETS	<u>\$ 2,181,744</u>	<u>\$ 319,706</u>	<u>\$ 65,209</u>	<u>\$ 2,436,241</u>

See auditor's report on additional information.

LIABILITIES AND NET ASSETS	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
CURRENT LIABILITIES				
Accounts payable	\$ 50,168	\$ 2,672	\$ -	\$ 52,840
Accounts payable, service projects	43,410	21,799	65,209	-
Accrued expenses	37,533	8,041	-	45,574
Total current liabilities/total liabilities	131,111	32,512	65,209	98,414
NET ASSETS				
Unrestricted:				
Board designated for property and equipment	169,236	104,909	-	274,145
Board designated for special projects	261,084	-	-	261,084
Board designated for emergency services	107,205	-	-	107,205
Board designated for MHC/CSS projects	85,685	-	-	85,685
Board designated for Peer Helper	772	-	-	772
Undesignated	1,368,574	182,285	-	1,550,859
Total unrestricted	1,992,556	287,194	-	2,279,750
Temporarily restricted	56,826	-	-	56,826
Permanently restricted	1,251	-	-	1,251
Total net assets	2,050,633	287,194	-	2,337,827
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,181,744	 \$ 319,706	 \$ 65,209	 \$ 2,436,241

See auditor's report on additional information.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINED CONTRACTUAL RECEIVABLES FROM COUNTIES
June 30, 2010 and 2009**

	2010	2009
Counties:		
Cerro Gordo	\$ 89,097	\$ 46,214
Floyd	24,132	6,198
Franklin	13,220	7,226
Hancock	16,722	8,420
Linn	-	490
Mitchell	18,578	8,043
Winnebago	22,306	8,284
Worth	9,682	5,375
	<u>\$ 193,737</u>	<u>\$ 90,250</u>

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
UNRESTRICTED NET ASSETS				
Unrestricted public support and revenue				
Unrestricted public support				
Counties				
Cerro Gordo	\$ 120,272	\$ 113,478	\$ -	\$ 233,750
Floyd	51,842	-	-	51,842
Franklin	29,126	-	-	29,126
Hancock	33,626	-	-	33,626
Mitchell	38,427	-	-	38,427
Winnebago	38,311	-	-	38,311
Worth	20,484	-	-	20,484
Grants	110,722	1,397	-	112,119
United Way	-	21,500	-	21,500
Contributions	164	-	-	164
Total unrestricted public support	442,974	136,375	-	579,349
Unrestricted revenue				
Third-party reimbursements	1,771,293	187,635	-	1,958,928
Net investment income	40,147	2,494	-	42,641
Gain on disposal of fixed assets	359	-	-	359
Medicaid cost report settlement	101,484	41,885	-	143,369
Other	17,163	-	7,704	9,459
Total unrestricted revenue	1,930,446	232,014	7,704	2,154,756
Total unrestricted public support & revenue	2,373,420	368,389	7,704	2,734,105
Expenses:				
Program services	1,684,433	281,369	7,704	1,958,098
Management and general	924,687	60,138	-	984,825
Fundraising	-	-	-	-
Total expenses	2,609,120	341,507	7,704	2,942,923
Increase in unrestricted net assets	(235,700)	26,882	-	(208,818)
TEMPORARILY RESTRICTED NET ASSETS				
Net investment income	226	-	-	226
Grants	-	-	-	-
Contributions	1,175	-	-	1,175
Increase in temporarily restricted net assets	1,401	-	-	1,401
PERMANENTLY RESTRICTED NET ASSETS				
Net investment income	7	-	-	7
Increase in permanently restricted net assets	7	-	-	7
Increase in net assets	(234,292)	26,882	-	(207,410)
Net assets, beginning of year	2,050,633	287,194	-	2,337,827
Net assets, end of year	\$ 1,816,341	\$ 314,076	\$ -	\$ 2,130,417

See auditor's report on additional information.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

COMBINING STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
UNRESTRICTED NET ASSETS				
Unrestricted public support and revenue				
Unrestricted public support				
Counties				
Cerro Gordo	\$ 185,784	\$ 93,320	\$ -	\$ 279,104
Floyd	72,376	-	-	72,376
Franklin	43,356	183	-	43,539
Hancock	50,520	-	-	50,520
Mitchell	48,258	-	-	48,258
Winnebago	49,704	-	-	49,704
Worth	31,772	-	-	31,772
Grants	108,454	40,068	-	148,522
United Way	-	26,000	-	26,000
Contributions	400	-	-	400
Total unrestricted public support	<u>590,624</u>	<u>159,571</u>	<u>-</u>	<u>750,195</u>
Unrestricted revenue				
Third-party reimbursements	1,175,254	188,000	-	1,363,254
Net investment income	30,095	3,916	-	34,011
Loss on disposal of fixed assets	(444)	-	-	(444)
Medicaid cost report settlement	136,564	99,326	-	235,890
Other	18,389	-	6,648	11,741
Total unrestricted revenue	<u>1,359,858</u>	<u>291,242</u>	<u>6,648</u>	<u>1,644,452</u>
Total unrestricted public support & revenue	<u>1,950,482</u>	<u>450,813</u>	<u>6,648</u>	<u>2,394,647</u>
Expenses:				
Program services	1,180,017	286,488	6,648	1,459,857
Management and general	710,445	67,298	-	777,743
Fundraising	-	-	-	-
Total expenses	<u>1,890,462</u>	<u>353,786</u>	<u>6,648</u>	<u>2,237,600</u>
Increase in unrestricted net assets	<u>60,020</u>	<u>97,027</u>	<u>-</u>	<u>157,047</u>
TEMPORARILY RESTRICTED NET ASSETS				
Net investment income	274	-	-	274
Grants	43,504	-	-	43,504
Contributions	1,100	-	-	1,100
Increase in temporarily restricted net assets	<u>44,878</u>	<u>-</u>	<u>-</u>	<u>44,878</u>
PERMANENTLY RESTRICTED NET ASSETS				
Net investment income	5	-	-	5
Increase in permanently restricted net assets	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Increase in net assets	<u>104,903</u>	<u>97,027</u>	<u>-</u>	<u>201,930</u>
Net assets, beginning of year	1,945,730	190,167	-	2,135,897
Net assets, end of year	<u>\$ 2,050,633</u>	<u>\$ 287,194</u>	<u>\$ -</u>	<u>\$ 2,337,827</u>

See auditor's report on additional information.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2010**

	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (decrease) in net assets	\$ (234,292)	\$ 26,882	\$ -	\$ (207,410)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	54,233	825	-	55,058
Provision for doubtful accounts	65,000	-	-	65,000
Gain on disposal of fixed assets	(359)	-	-	(359)
Unrealized gain on investments	(13,453)	-	-	(13,453)
Change in assets and liabilities:				
(Increase) decrease in receivables	(508,106)	(63,669)	(41,657)	(530,118)
Increase in prepaid expenses	(3,968)	(1,591)	-	(5,559)
Increase (decrease) in accounts payable	86,035	(18,599)	41,657	25,779
Increase in accrued expenses	12,047	1,142	-	13,189
Net cash used in operating activities	(542,863)	(55,010)	-	(597,873)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of property and equipment	1,798	-	-	1,798
Sale of investments	1,263,407	171,874	-	1,435,281
Purchase of property and equipment	(40,087)	-	-	(40,087)
Purchase of investments	(790,477)	(129,169)	-	(919,646)
Net cash provided by investing activities	434,641	42,705	-	477,346
Net decrease in cash	(108,222)	(12,305)	-	(120,527)
CASH				
Beginning of year	292,565	39,117	-	331,682
End of year	<u>\$ 184,343</u>	<u>\$ 26,812</u>	<u>\$ -</u>	<u>\$ 211,155</u>

See auditor's report on additional information.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2009**

	Mental Health Center of North Iowa, Inc.	Community Support Programs	Eliminations	Combined
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in net assets	\$ 104,903	\$ 97,027	\$ -	\$ 201,930
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	47,671	826	-	48,497
Provision for doubtful accounts	59,362	-	-	59,362
Loss on disposal of fixed assets	444	-	-	444
Unrealized loss on investments	13,520	-	-	13,520
Change in assets and liabilities:				
(Increase) decrease in receivables	4,240	27,741	35,947	(3,966)
Increase in prepaid expenses	(1,836)	(624)	-	(2,460)
Increase (decrease) in accounts payable	(29,809)	(4,883)	(35,947)	1,255
Decrease in accrued expenses	(25,634)	(3,911)	-	(29,545)
Net cash provided by operating activities	<u>172,861</u>	<u>116,176</u>	<u>-</u>	<u>289,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	3,315,464	130,537	-	3,446,001
Purchase of property and equipment	(141,443)	-	-	(141,443)
Purchase of investments	(3,362,167)	(223,436)	-	(3,585,603)
Net cash used in investing activities	<u>(188,146)</u>	<u>(92,899)</u>	<u>-</u>	<u>(281,045)</u>
Net increase (decrease) in cash	(15,285)	23,277	-	7,992
CASH				
Beginning of year	<u>307,850</u>	<u>15,840</u>	<u>-</u>	<u>323,690</u>
End of year	<u>\$ 292,565</u>	<u>\$ 39,117</u>	<u>\$ -</u>	<u>\$ 331,682</u>

See auditor's report on additional information.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINING STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010**

	Program Services			Total
	Mental Health Center of North Iowa, Inc	Community Support Programs	Eliminations	
Salaries	\$ 700,537	\$ 166,681	\$ -	\$ 867,218
Payroll taxes	67,074	12,136	-	79,210
Employee benefits	114,947	35,561	-	150,508
Total salaries and related expenses	882,558	214,378	-	1,096,936
Professional fees	1,328	-	-	1,328
Anasazi training	-	-	-	-
Anasazi expense	-	-	-	-
Continued education	14,037	1,207	-	15,244
Insurance	13,296	3,263	-	16,559
Office supplies and postage	35,930	4,927	-	40,857
Program supplies	5,546	2,266	-	7,812
Rent	5,061	34,566	7,704	31,923
Telephone and utilities	31,301	7,212	-	38,513
Repairs and maintenance	70,106	5,156	-	75,262
Depreciation	41,991	825	-	42,816
Service and outreach travel	12,245	7,346	-	19,591
Provision for doubtful accounts	-	-	-	-
Staff recruiting	563	-	-	563
Psychiatric services	550,474	-	-	550,474
Periodicals, publications and miscellaneous services	565	-	-	565
C.M.H.C. Association dues	2,105	-	-	2,105
Meetings and forums	-	-	-	-
Miscellaneous	17,327	223	-	17,550
Total expenses	\$ 1,684,433	\$ 281,369	\$ 7,704	\$ 1,958,098

See auditor's report on additional information.

Management and General			Fundraising			Total Expenses
Mental Health Center of North Iowa, Inc.	Community Support Programs	Total	Mental Health Center of North Iowa, Inc.	Community Support Programs	Total	
\$ 444,470	\$ 43,572	\$ 488,042	\$ -	\$ -	\$ -	\$ 1,355,260
33,338	3,336	36,674	-	-	-	115,884
94,679	9,707	104,386	-	-	-	254,894
572,487	56,615	629,102	-	-	-	1,726,038
45,721	986	46,707	-	-	-	48,035
35,786	-	35,786	-	-	-	35,786
29,851	-	29,851	-	-	-	29,851
1,261	804	2,065	-	-	-	17,309
5,094	300	5,394	-	-	-	21,953
15,105	420	15,525	-	-	-	56,382
-	-	-	-	-	-	7,812
-	-	-	-	-	-	31,923
9,089	362	9,451	-	-	-	47,964
9,608	-	9,608	-	-	-	84,870
12,242	-	12,242	-	-	-	55,058
-	174	174	-	-	-	19,765
175,812	-	175,812	-	-	-	175,812
1,434	-	1,434	-	-	-	1,997
-	-	-	-	-	-	550,474
-	-	-	-	-	-	565
234	-	234	-	-	-	2,339
3,138	-	3,138	-	-	-	3,138
7,825	477	8,302	-	-	-	25,852
<u>\$ 924,687</u>	<u>\$ 60,138</u>	<u>\$ 984,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,942,923</u>

See auditor's report on additional information.

**MENTAL HEALTH CENTER OF NORTH IOWA, INC.
AND ITS COMBINED SERVICE PROJECTS**

**COMBINING STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2009**

	Program Services			Total
	Mental Health Center of North Iowa, Inc	Community Support Programs	Eliminations	
Salaries	\$ 566,178	\$ 179,001	\$ -	\$ 745,179
Payroll taxes	46,610	13,357	-	59,967
Employee benefits	111,190	44,970	-	156,160
Total salaries and related expenses	723,978	237,328	-	961,306
Professional fees	(178)	-	-	(178)
Anasazi training	-	-	-	-
ProFiler training	-	-	-	-
Continued education	11,028	967	-	11,995
Insurance	10,448	1,950	-	12,398
Office supplies and postage	38,347	3,771	-	42,118
Program supplies	1,186	1,729	-	2,915
Rent	4,220	20,248	6,648	17,820
Telephone and utilities	28,472	5,471	-	33,943
Repairs and maintenance	61,555	1,815	-	63,370
Depreciation	38,353	826	-	39,179
Service and outreach travel	8,583	11,371	-	19,954
Provision for doubtful accounts	-	-	-	-
Staff recruiting	4,569	101	-	4,670
Psychiatric services	226,977	-	-	226,977
Nursing services	3,836	-	-	3,836
Periodicals, publications and miscellaneous services	1,062	-	-	1,062
C.M.H.C. Association dues	2,776	-	-	2,776
Meetings and forums	-	-	-	-
Miscellaneous	14,805	911	-	15,716
Total expenses	\$ 1,180,017	\$ 286,488	\$ 6,648	\$ 1,459,857

See auditor's report on additional information.

Management and General			Fundraising			Total Expenses
Mental Health Center of North Iowa, Inc.	Community Support Programs	Total	Mental Health Center of North Iowa, Inc.	Community Support Programs	Total	
\$ 409,500	\$ 49,392	\$ 458,892	\$ -	\$ -	\$ -	\$ 1,204,071
30,446	3,780	34,226	-	-	-	94,193
94,608	10,048	104,656	-	-	-	260,816
534,554	63,220	597,774	-	-	-	1,559,080
20,108	1,703	21,811	-	-	-	21,633
12,548	-	12,548	-	-	-	12,548
8,000	-	8,000	-	-	-	8,000
4,980	1,032	6,012	-	-	-	18,007
5,833	246	6,079	-	-	-	18,477
15,656	274	15,930	-	-	-	58,048
-	-	-	-	-	-	2,915
-	-	-	-	-	-	17,820
6,521	39	6,560	-	-	-	40,503
9,096	-	9,096	-	-	-	72,466
9,318	-	9,318	-	-	-	48,497
78	457	535	-	-	-	20,489
59,362	-	59,362	-	-	-	59,362
16,030	-	16,030	-	-	-	20,700
-	-	-	-	-	-	226,977
-	-	-	-	-	-	3,836
-	-	-	-	-	-	1,062
309	-	309	-	-	-	3,085
2,134	-	2,134	-	-	-	2,134
5,918	327	6,245	-	-	-	21,961
<u>\$ 710,445</u>	<u>\$ 67,298</u>	<u>\$ 777,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,237,600</u>

See auditor's report on additional information.