

**COMMUNITY MENTAL HEALTH  
CENTER FOR MID-EASTERN IOWA**

Financial Statements

June 30, 2010 and 2009

**COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA**

Contents

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Cash Flows .....	5
Statement of Functional Expenses – 2010.....	6
Statement of Functional Expenses – 2009.....	7
Notes to Financial Statements .....	8-12
Supplementary Information:	
Comparative Summary of Budgeted and Actual Functional Expenses .....	13
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	14-15



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## Independent Auditors' Report

Board of Directors  
Community Mental Health Center  
for Mid-Eastern Iowa  
Iowa City, Iowa

We have audited the accompanying statements of financial position of Community Mental Health Center for Mid-Eastern Iowa (a non-profit organization) as of June 30, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Mental Health Center for Mid-Eastern Iowa as of June 30, 2010 and 2009, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010, on our consideration of Community Mental Health Center for Mid-Eastern Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Community Mental Health Center for Mid-Eastern Iowa taken as a whole. The accompanying schedule of comparative summary of budgeted and actual functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended June 30, 2010 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*T&T Financial Group, P.C.*

Sigourney, Iowa  
October 22, 2010

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Statements of Financial Position  
June 30, 2010 and 2009

	<u>Assets</u>	
	2010	2009
Current assets:		
Cash and cash equivalents	\$ 571,108	548,294
Receivables:		
Client services, less allowance for doubtful accounts of \$50,000 and \$50,000 in 2010 and 2009, respectively	367,454	344,613
State of Iowa Community Mental Health Services grants-		
Federal	57,170	57,365
State of Iowa Homeless grant-Federal	9,565	8,827
State and county governments	102,450	84,426
Other	25,994	37,782
Prepaid expenses	35,517	58,579
Total current assets	1,169,258	1,139,886
Property and equipment:		
Land	56,775	56,775
Buildings	865,105	832,909
Furniture and equipment	339,361	320,542
Total	1,261,241	1,210,226
Less accumulated depreciation	844,711	803,034
Net property and equipment	416,530	407,192
Total assets	\$ 1,585,788	1,547,078

See accompanying notes to financial statements.

Liabilities and Net Assets

	<u>2010</u>	<u>2009</u>
Current liabilities:		
Accounts payable	\$ 20,886	10,882
Accrued expenses	<u>176,855</u>	<u>189,567</u>
Total current liabilities	<u>197,741</u>	<u>200,449</u>
Net assets:		
Unrestricted:		
General operating	1,328,668	1,270,749
Temporarily restricted	<u>59,379</u>	<u>75,880</u>
Total net assets	<u>1,388,047</u>	<u>1,346,629</u>
Total liabilities and net assets	\$ <u>1,585,788</u>	<u>1,547,078</u>

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Statements of Activities  
For the Years Ended June 30, 2010 and 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Public support:			
Johnson County, including medication fund reimbursements	\$ 846,706	-	846,706
Iowa County	43,200	-	43,200
Cedar County	74,904	-	74,904
Other counties	109,815	-	109,815
State payment program	157,168	-	157,168
Mental Health Block Grant	92,751	-	92,751
PATH Grant for Homeless Outreach			
Services	34,029	-	34,029
Other grants	111,176	-	111,176
Contributions	46,604	41,964	88,568
Net assets released from restrictions	58,465	(58,465)	-
Total public support	<u>1,574,818</u>	<u>(16,501)</u>	<u>1,558,317</u>
Revenue:			
Client fees	1,105,860	-	1,105,860
Investment income	2,886	-	2,886
Fundraising events, net of direct costs of \$5,919 and \$4,260 in 2010 and 2009	13,215	-	13,215
Other	17,384	-	17,384
Total revenue	<u>1,139,345</u>	<u>-</u>	<u>1,139,345</u>
Total public support and revenue	<u>2,714,163</u>	<u>(16,501)</u>	<u>2,697,662</u>
Expenses:			
Program services, including reimbursed medications	2,505,968	-	2,505,968
Supporting services:			
Fundraising	12,929	-	12,929
Administrative	137,347	-	137,347
Total expenses	<u>2,656,244</u>	<u>-</u>	<u>2,656,244</u>
Change in net assets	57,919	(16,501)	41,418
Net assets, beginning of year	<u>1,270,749</u>	<u>75,880</u>	<u>1,346,629</u>
Net assets, end of year	<u>\$ 1,328,668</u>	<u>59,379</u>	<u>1,388,047</u>

See accompanying notes to financial statements.

2009		
Unrestricted	Temporarily Restricted	Total
779,261	-	779,261
43,200	-	43,200
78,060	-	78,060
92,651	-	92,651
213,970	-	213,970
88,970	-	88,970
32,825	-	32,825
162,222	-	162,222
8,073	82,836	90,909
55,628	(55,628)	-
<u>1,554,860</u>	<u>27,208</u>	<u>1,582,068</u>
1,089,189	-	1,089,189
6,312	-	6,312
16,612	-	16,612
17,463	-	17,463
<u>1,129,576</u>	<u>-</u>	<u>1,129,576</u>
<u>2,684,436</u>	<u>27,208</u>	<u>2,711,644</u>
2,487,618	-	2,487,618
12,298	-	12,298
132,980	-	132,980
<u>2,632,896</u>	<u>-</u>	<u>2,632,896</u>
51,540	27,208	78,748
<u>1,219,209</u>	<u>48,672</u>	<u>1,267,881</u>
<u>1,270,749</u>	<u>75,880</u>	<u>1,346,629</u>

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Statements of Cash Flows  
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating activities:		
Change in net assets	\$ 41,418	78,748
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	41,677	54,182
Effects of changes in operating assets and liabilities:		
Receivables	(29,620)	148,263
Prepaid expenses	23,062	(32,187)
Accounts payable	10,004	(206,669)
Accrued expenses	(12,712)	72,900
Net cash provided (used) by operating activities	<u>73,829</u>	<u>115,237</u>
Investing activities:		
Purchases of property and equipment	<u>(51,015)</u>	<u>(20,343)</u>
Net cash provided (used) by investing activities	<u>(51,015)</u>	<u>(20,343)</u>
Net increase (decrease) in cash and cash equivalents	22,814	94,894
Cash and cash equivalents, beginning of year	<u>548,294</u>	<u>453,400</u>
Cash and cash equivalents, end of year	<u>\$ 571,108</u>	<u>548,294</u>

See accompanying notes to financial statements.

**COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA**

**Statement of Functional Expenses  
For the Year Ended June 30, 2010**

	Program Services						
	School Liaison	PACE Johnson	Homeless	Compeer	Supported Community Living	Consultation and Education	Psycho- therapy
Direct salaries and nonemployee compensation	\$ 22,124	56,436	26,209	14,419	137,047	4,866	605,821
Payroll taxes	1,509	4,147	1,879	1,101	10,167	352	44,442
Employee benefits	4,636	10,084	4,589	904	26,472	846	113,444
Total salaries and related expenses	<u>28,269</u>	<u>70,667</u>	<u>32,677</u>	<u>16,424</u>	<u>173,686</u>	<u>6,064</u>	<u>763,707</u>
Rent	37	77	62	17	288	3	3,611
Dues and subscriptions	8	17	15	519	61	1	269
Repairs and maintenance	599	670	704	147	9,529	134	15,044
Insurance	298	541	461	116	2,831	40	9,116
Professional fees	792	1,221	742	948	5,737	38	13,316
Travel	879	437	201	-	7,492	1	4,786
Staff development	288	3,602	977	82	2,288	6	6,250
Utilities and telephone	722	1,004	1,216	105	4,427	185	10,788
Advertising	121	253	201	55	936	11	3,938
Office supplies and postage	340	2,617	825	1,476	3,777	31	12,027
Emergency services	66	138	111	30	515	6	2,163
Program activities and supplies	195	330	1,667	516	138	1,501	489
Recruitment	1	2	101	-	125	-	36
Other	11	189	31	128	90	1	384
Total before depreciation	<u>32,626</u>	<u>81,765</u>	<u>39,991</u>	<u>20,563</u>	<u>211,920</u>	<u>8,022</u>	<u>845,924</u>
Depreciation	<u>861</u>	<u>926</u>	<u>970</u>	<u>142</u>	<u>6,253</u>	<u>582</u>	<u>13,467</u>
Total functional expenses	<u>\$ 33,487</u>	<u>82,691</u>	<u>40,961</u>	<u>20,705</u>	<u>218,173</u>	<u>8,604</u>	<u>859,391</u>

See accompanying notes to financial statements.

Psychiatry	Project Recovery	ICCSD Contracts	Total Program Services	Supporting Services			Total
				Fundraising	Administrative	Total Supporting Services	
909,197	23,293	16,394	1,815,806	8,636	75,160	83,796	1,899,602
53,171	1,724	1,135	119,627	636	5,362	5,998	125,625
106,953	2,819	3,355	274,102	2,178	19,846	22,024	296,126
1,069,321	27,836	20,884	2,209,535	11,450	100,368	111,818	2,321,353
1,614	8	42	5,759	-	-	-	5,759
362	6	17	1,275	-	2,827	2,827	4,102
8,079	-	5	34,911	-	4,491	4,491	39,402
25,246	50	247	38,946	-	6,593	6,593	45,539
18,051	125	465	41,435	-	5,330	5,330	46,765
-	450	4	14,250	-	2,836	2,836	17,086
4,371	16	92	17,972	-	-	-	17,972
7,151	388	88	26,074	-	3,355	3,355	29,429
5,257	67	173	11,012	-	-	-	11,012
16,272	81	392	37,838	1,479	4,172	5,651	43,489
2,881	15	75	6,000	-	-	-	6,000
409	16,814	4	22,063	-	-	-	22,063
49	-	-	314	-	-	-	314
463	3	26	1,326	-	2,956	2,956	4,282
1,159,526	45,859	22,514	2,468,710	12,929	132,928	145,857	2,614,567
13,852	64	141	37,258	-	4,419	4,419	41,677
1,173,378	45,923	22,655	2,505,968	12,929	137,347	150,276	2,656,244

**COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA**

**Statement of Functional Expenses  
For the Year Ended June 30, 2009**

	Program Services						
	School Liaison	PACE Johnson	Homeless	Compeer	Clubhouse	Supported Community Living	Consultation and Education
Direct salaries and nonemployee compensation	\$ 28,926	51,285	35,076	14,512	35,574	95,452	5,688
Payroll taxes	2,125	3,696	2,643	1,104	2,715	7,045	400
Employee benefits	5,389	8,860	4,617	610	6,890	19,000	1,213
Total salaries and related expenses	36,440	63,841	42,336	16,226	45,179	121,497	7,301
Rent	43	65	50	11	58	91	21
Dues and subscriptions	-	-	-	500	-	-	-
Repairs and maintenance	302	838	309	268	7,574	1,634	23
Insurance	337	662	372	162	2,604	1,114	117
Professional fees	761	1,142	876	720	1,348	1,599	380
Travel	305	-	313	-	284	7,135	-
Staff development	248	6,607	319	694	396	884	47
Utilities and telephone	525	665	609	214	2,960	2,009	133
Advertising	263	394	302	66	355	552	131
Office supplies and postage	750	1,125	863	188	1,013	1,575	376
Emergency services	120	180	138	30	162	252	60
Program activities and supplies	74	1,192	6,765	628	2,079	51	17
Recruitment	10	16	12	38	14	151	6
Other	84	112	86	360	101	182	37
Total before depreciation	40,262	76,839	53,350	20,105	64,127	138,726	8,649
Depreciation	599	1,208	813	298	6,477	2,842	372
Total functional expenses	\$ <u>40,861</u>	<u>78,047</u>	<u>54,163</u>	<u>20,403</u>	<u>70,604</u>	<u>141,568</u>	<u>9,021</u>

See accompanying notes to financial statements.

				Supporting Services			
Psycho-therapy	Psychiatry	Project Recovery	Total Program Services	Fundraising	Administrative	Total Supporting Services	Total
537,602	932,164	68,360	1,804,639	8,225	72,679	80,904	1,885,543
38,853	46,092	5,126	109,799	629	5,560	6,189	115,988
105,311	108,593	7,693	268,176	1,435	11,331	12,766	280,942
681,766	1,086,849	81,179	2,182,614	10,289	89,570	99,859	2,282,473
2,849	1,013	9	4,210	-	-	-	4,210
243	2	-	745	-	3,801	3,801	4,546
12,124	7,289	9	30,370	-	3,907	3,907	34,277
8,890	20,884	47	35,189	-	7,981	7,981	43,170
14,087	17,854	152	38,919	-	5,006	5,006	43,925
4,321	10	1,008	13,376	-	2,081	2,081	15,457
6,526	5,872	19	21,612	-	-	-	21,612
10,916	6,790	759	25,580	-	3,291	3,291	28,871
4,863	6,164	53	13,143	-	-	-	13,143
13,877	17,590	150	37,507	2,009	4,432	6,441	43,948
2,220	2,814	24	6,000	-	-	-	6,000
378	478	13,493	25,155	-	-	-	25,155
293	472	2	1,014	-	-	-	1,014
1,417	1,773	27	4,179	-	6,734	6,734	10,913
764,770	1,175,854	96,931	2,439,613	12,298	126,803	139,101	2,578,714
17,245	18,061	90	48,005	-	6,177	6,177	54,182
782,015	1,193,915	97,021	2,487,618	12,298	132,980	145,278	2,632,896

# COMMUNITY MENTAL HEALTH CENTER FOR MID-EASTERN IOWA

## Notes to Financial Statements June 30, 2010 and 2009

### Note 1 – Summary of Significant Accounting Policies

Community Mental Health Center for Mid-Eastern Iowa was incorporated in September 1969 in the State of Iowa. The Organization's fiscal year ends June 30. Significant accounting policies followed by the Organization are presented below.

#### Nature of Activities

The Organization provides outpatient psychotherapy for a wide range of clientele. It also provides outpatient community support for the chronically mentally ill to help them function more independently in the community and to prevent further hospitalization. Psychiatric services are provided as needed for both community support and outpatient psychotherapy clients. The Organization is primarily supported by Johnson County and the surrounding counties.

The Organization's mission statement is: Community Mental Health Center for Mid-Eastern Iowa is dedicated to improving lives through high quality, accessible mental health services and promoting awareness of mental health issues in the community.

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect significant receivables, payables and other liabilities.

#### Basis of Presentation

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

- Unrestricted net assets – net assets not subject to donor-imposed restrictions
- Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization and/or the passage of time.
- Permanently restricted net assets – net assets subject to donor-imposed restrictions that are neither fulfilled or otherwise removed by actions of the Organization nor expire with the passage of time.

Management has determined that the Organization has no permanently restricted net assets.

(continued)

# COMMUNITY MENTAL HEALTH CENTER FOR MID-EASTERN IOWA

## Notes to Financial Statements (Continued) June 30, 2010 and 2009

### Note 1 – Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

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. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions with donor-imposed restrictions that are met within the same reporting period are reported as temporarily restricted revenues, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Contributions of land, buildings, and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

#### Use of Estimates

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

#### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with an original maturity date of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash in excess of daily requirements is invested in interest bearing accounts and money market funds of qualified financial institutions in amounts that may exceed federal insured limits. The Organization believes the credit risk related to these deposits is minimal.

(continued)

# COMMUNITY MENTAL HEALTH CENTER FOR MID-EASTERN IOWA

## Notes to Financial Statements (Continued) June 30, 2010 and 2009

### Note 1 – Summary of Significant Accounting Policies (Continued)

#### Accounts Receivable

Accounts receivable are uncollateralized customer obligations, which generally require payment within thirty days from the invoice date.

Account balances with invoices over ninety days old are considered delinquent. Delinquent accounts of \$100 or more are set up on a payment plan, with minimum monthly payments of \$5. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation of allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibles of specific patient's accounts and the aging of the accounts receivable. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

#### Impairment of 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.

#### Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets which range from 3 to 39 years.

#### Revenue Recognition

Revenue from client service grants and contracts are recognized in the period the services are performed.

(continued)

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Notes to Financial Statements (Continued)  
June 30, 2010 and 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Date of Managements' Review

Management has evaluated subsequent events through October 22, 2010, the date which the financial statements were available to be issued.

Note 2 – Client Fees

Client fees for the years ended June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Gross client fees	\$ 1,406,576	2,433,803
Fee adjustments	<u>(300,716)</u>	<u>(1,344,614)</u>
Net fees	\$ <u>1,105,860</u>	<u>1,089,189</u>

Note 3 – Economic Dependency

The Organization is dependent upon federal, state, and county monies to maintain its operations. In the event that monies are not available from such sources Community Mental Health Center for Mid-Eastern Iowa may not continue as a going concern.

Note 4 – Contingent Liability

The Organization is contingently liable to grantors for monies received until each grant has been closed by the grantor.

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Notes to Financial Statements (Continued)  
June 30, 2010 and 2009

Note 5 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Subsequent years' operations	\$ 20,827	20,745
McCormick Foundation Project Recovery	-	16,814
Compeer program	<u>38,552</u>	<u>38,321</u>
	<u>\$ 59,379</u>	<u>75,880</u>

Note 6 – Depreciation

Depreciation expense for the years ended June 30, 2010 and 2009 is \$41,677 and \$54,182, respectively.

Note 7 – Pension Plan

The Organization has a defined-contribution 403(b) pension plan covering all permanent employees who work 20 or more hours per week. The Organization contributes an amount equal to 8% of the annual compensation of these employees. Pension expense totaled \$122,012 and \$111,872 for the years ended June 30, 2010 and 2009, respectively.

Note 8 – Concentrations of Credit Risk

Accounting principles generally accepted in the United States of America require disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

During each of the years ended June 30, 2010 and 2009 the Center received 32% and 29% of its total public support and revenue from Johnson County, respectively. Significant reductions in the County's funding of social programs could materially affect the Center's operations.

The Center maintains a security repurchase agreement with MidWestOne Bank. The investments purchased through the agreement are considered cash equivalents. The transactions entered into under the security repurchase agreement are not insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund.

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Supplementary Information

June 30, 2010 and 2009

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Comparative Summary of Budgeted and Actual Functional  
Expenses

For the Year Ended June 30, 2010

	(Unaudited) Budgeted <u>Expenditures</u>	Actual <u>Expenditures</u>
Functional expenses:		
Salaries and nonemployee compensation	\$ 1,900,899	1,899,602
Payroll taxes and employee benefits	428,728	421,751
Total salaries and related expenses	<u>2,329,627</u>	<u>2,321,353</u>
Staff development	22,000	17,972
Professional fees	10,000	9,400
Computer support	34,796	37,365
Rent	5,760	5,760
Utilities	18,000	14,067
Insurance	46,490	45,539
Telephone and internet service	13,644	15,363
Supplies, postage, small equipment	54,858	47,727
Maintenance, buildings and grounds	34,963	39,402
Publicity	14,280	11,012
Travel reimbursement	14,000	17,086
Emergency service	6,000	6,000
Staff recruitment	1,032	314
Bank fees	2,200	2,949
Depreciation	40,000	41,677
PATH rent deposit fund	-	1,010
McCormick Grant related expenses	16,814	16,814
Other expenses	6,136	5,434
	<u>340,973</u>	<u>334,891</u>
Total functional expenses	\$ <u>2,670,600</u>	<u>2,656,244</u>



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Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

Board of Directors  
Community Mental Health Center  
for Mid-Eastern Iowa  
Iowa City, Iowa

We have audited the financial statements of Community Mental Health Center for Mid-Eastern Iowa as of and for the year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered Community Mental Health Center for Mid-Eastern Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Mental Health Center for Mid-Eastern Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance

As part of obtaining reasonable assurance about whether Community Mental Health Center for Mid-Eastern Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

*T&T Financial Group, P.C.*

Sigourney, Iowa  
October 22, 2010