

POWESHIEK COUNTY MENTAL HEALTH CENTER
(A non-profit organization)

AUDITED FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2-3
Statements of Activities	4-5
Statements of Cash Flows	6-7
Notes to Financial Statements	8-14

GEGNER COMPANY PC

CERTIFIED PUBLIC ACCOUNTANTS

9207 NORTHPARK DRIVE
JOHNSTON, IA 50131

Phone: (515) 727-5700
Fax: (515) 727-5800
Email: info@mycpa4tax.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Poweshiek County Mental Health Center
Grinnell, Iowa

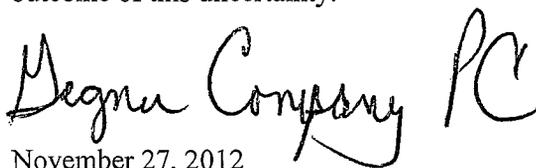
We have audited the accompanying statements of financial position of the Poweshiek County Mental Health Center (a non-profit organization) as of June 30, 2012 and 2011 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on the financial statements based on our audit.

Except as discussed in the following paragraph, 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 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient audit evidence of accounts receivable – patients and net patient fees. Accounts receivable – patients is stated at \$178,849 and \$136,123 in the accompanying statements of financial position at June 30, 2012 and 2011, respectively. Net patient fees is stated at \$641,683 and \$679,888 in the accompanying statements of activities for the years ended June 30, 2012 and 2011, respectively.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the valuation of accounts receivable – patients and net patient fees, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Poweshiek County Mental Health Center as of June 30, 2012 and 2011 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Center will continue as a going concern. As discussed in Note 12 to the financial statements, the Center has continued to suffer from the lack of oversight and embezzlement of funds that took place during the year ended June 30, 2011. In addition, the Center has a net deficiency in net assets that raises substantial doubt about the Center's ability to continue as a going concern. Management's plans regarding these matters also are described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.


November 27, 2012



The CPA. Never Underestimate The Value.

**POWESHIEK COUNTY MENTAL HEALTH CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011**

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,190	\$ 49,712
Accounts receivable - patients (net of allowance for doubtful accounts of \$130,000 and \$92,729 for 2012 and 2011, respectively)	178,849	136,123
Accounts receivable - funding sources	34,512	63,551
Cafeteria fund receivable	-	1,262
Prepaid insurance	12,204	11,237
Inventory (supplies)	-	2,890
TOTAL CURRENT ASSETS	<u>244,754</u>	<u>264,775</u>
 PROPERTY AND EQUIPMENT		
Land	9,344	9,344
Building	476,513	476,513
Leasehold improvements	32,981	25,638
Office equipment and furniture	151,975	151,975
TOTAL PROPERTY AND EQUIPMENT	<u>670,813</u>	<u>663,470</u>
Less accumulated depreciation	<u>(356,368)</u>	<u>(339,103)</u>
NET PROPERTY AND EQUIPMENT	<u>314,445</u>	<u>324,367</u>
 TOTAL ASSETS	 <u><u>\$ 559,199</u></u>	 <u><u>\$ 589,142</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

POWESHIEK COUNTY MENTAL HEALTH CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

LIABILITIES AND NET ASSETS (DEFICIT)

	2012	2011
CURRENT LIABILITIES		
Accounts payable	\$ 88,901	\$ 42,124
Credit card payable	2,971	3,505
Payroll taxes payable	4,901	132,958
Other payroll taxes, penalties & interest	78,876	-
Retirement payable	52,730	57,458
Gift fund payable	-	1,673
Cafeteria plan payable	921	-
Accrued payroll	25,393	-
Accrued insurance	-	6,150
Accrued vacation	52,497	51,947
Deferred revenue	5,771	7,135
Current portion long-term liabilities	16,760	11,397
TOTAL CURRENT LIABILITIES	329,721	314,347
LONG-TERM LIABILITIES		
Note payable - Berkadia	69,370	76,626
Note payable - USDA	258,707	260,859
Note payable - HS Medical Billing Services	22,351	-
Less: current portion	(16,760)	(11,397)
TOTAL LONG-TERM LIABILITIES	333,668	326,088
TOTAL LIABILITIES	663,389	640,435
NET ASSETS (DEFICIT)		
Net assets (deficit) - unrestricted	(120,378)	(67,481)
Net assets - temporarily restricted	16,188	16,188
TOTAL NET ASSETS (DEFICIT)	(104,190)	(51,293)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 559,199	\$ 589,142

The accompanying notes to financial statements are an integral part of these financial statements.

**POWESHIEK COUNTY MENTAL HEALTH CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
REVENUES		
Support Revenues		
Clubhouse	\$ 121,460	\$ 119,646
Poweshiek County	111,441	122,076
Grants	78,346	85,554
Fundraising	67,182	8,635
Grinnell College	40,440	37,183
Out of County	31,469	17,101
Insurance proceeds	18,465	-
City of Grinnell	16,905	11,100
United Fund	5,625	5,720
Miscellaneous income	4,940	-
Interest income	568	602
Contract services	-	41,596
Total Support Revenues	<u>496,841</u>	<u>449,213</u>
Service Revenues		
Patient fees - net	<u>641,683</u>	<u>679,888</u>
TOTAL REVENUES	1,138,524	1,129,101
EXPENSES		
Salaries	676,157	821,619
Contract services	92,821	42,437
Employee insurance	63,536	98,002
Payroll taxes	56,327	68,050
Medical billing service fees	51,404	70,631
Professional fees	41,125	27,586
Penalties	48,756	3,843
Bad debt expense	38,168	4,017
Insurance	21,945	23,240
Interest expense	21,686	14,932
Depreciation	17,266	18,065
Clubhouse expenses	9,516	16,439
Data system	8,937	25,748
Office expense	8,648	6,362
Utilities	8,122	8,038
Office supplies	5,018	15,486
Telephone	4,580	7,013
Maintenance	3,858	9,057

(Continued on next page)

The accompanying notes to financial statements are an integral part of these financial statements.

**POWESHIEK COUNTY MENTAL HEALTH CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

(Continued)

	<u>2012</u>	<u>2011</u>
Lawsuit settlement	2,500	8,508
Post doc position expenses	2,193	1,272
Advertising and recruitment	2,084	6,264
Conference/Dues/Licenses	1,903	7,611
Bank charges	1,373	1,808
Software testing supplies	1,094	4,305
Retirement	855	47,362
Travel	800	3,238
Van expense	335	1,028
Medical/Educational	219	5,839
Fundraising expense	165	-
Administrative meetings	30	2,280
Loss due to embezzlement	-	17,910
ER protocall service	-	11,855
Dues	-	2,095
Miscellaneous	-	5,343
TOTAL EXPENSES	<u>1,191,421</u>	<u>1,407,283</u>
EXCESS OF REVENUES (EXPENSES) OVER EXPENSES (REVENUES)	(52,897)	(278,182)
NET ASSETS RELEASED FROM TEMPORARY RESTRICTION	<u>-</u>	<u>7,623</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(52,897)	(270,559)
(DECREASE) IN TEMPORARILY RESTRICTED ASSETS	<u>-</u>	<u>(7,623)</u>
INCREASE (DECREASE) IN NET ASSETS	(52,897)	(278,182)
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>(51,293)</u>	<u>226,889</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (104,190)</u>	<u>\$ (51,293)</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**POWESHIEK COUNTY MENTAL HEALTH CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (52,897)	\$ (278,182)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,266	18,065
(Increase) decrease in current assets:		
Accounts receivable - patients	(42,726)	(10,176)
Accounts receivable - funding sources	29,039	(3,526)
Cafeteria fund receivable	1,262	-
Prepaid insurance	(967)	2,331
Inventory (supplies)	2,890	-
Increase (decrease) in current liabilities:		
Accounts payable	46,777	40,933
Credit card payable	(534)	3,505
Payroll taxes payable	(49,181)	132,958
Retirement payable	(4,728)	57,458
Cafeteria fund payable	921	1,273
Gift fund payable	(1,673)	384
Accrued payroll	25,393	-
Accrued insurance	(6,150)	6,150
Accrued vacation	550	(29,184)
Deferred revenue	(1,364)	(7,865)
	<u>(36,123)</u>	<u>(65,876)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(36,123)	(65,876)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(7,344)</u>	<u>(3,505)</u>
NET CASH USED IN INVESTING ACTIVITIES	(7,344)	(3,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on long-term debt	24,264	-
Repayment on long-term debt	<u>(11,320)</u>	<u>(12,512)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>12,944</u>	<u>(12,512)</u>

(Continued on next page)

The accompanying notes to financial statements are an integral part of these financial statements.

**POWESHIEK COUNTY MENTAL HEALTH CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

(Continued)

	<u>2012</u>	<u>2011</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,523)	(81,893)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>49,712</u>	<u>131,605</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 19,190</u>	<u>\$ 49,712</u>
CASH PAID DURING THE YEAR FOR:	<u>2012</u>	<u>2011</u>
Interest	19,262	14,932

The accompanying notes to financial statements are an integral part of these financial statements.

POWESHIEK COUNTY MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 1 – ORGANIZATION

The Poweshiek County Mental Health Center was incorporated in Iowa on April 15, 1971. The purpose of the Center is to provide mental health services including outpatient mental health care and preventive services, education and consultation to those in its catchment area. The principal office is located at 200 Fourth Avenue West, Grinnell, Iowa 50112.

Sources of revenue for the Center's services come from patient fees, insurance carriers, the government, county reimbursements, contracts with other agencies, grants and individual donations.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

B. Cash and cash equivalents

The Center considers savings accounts and all other highly liquid investments to be cash equivalents.

C. Accounts receivable – patients

Accounts receivable – patients are recorded at the amount the Center expects to collect on balances outstanding at year-end. The Center provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. The estimated losses are based on managements' evaluation of outstanding accounts receivable at the end of the year and their prior history of writing off uncollectible accounts.

D. Net patient service revenue

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

POWESHIEK COUNTY MENTAL HEALTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of 3 to 40 years. Assets purchased under \$1,000 are charged directly to expense.

F. Compensated Absences

The Center employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Amounts representing the cost of compensated absences are recorded as a liability and have been computed based on rates of pay in effect at June 30, 2012 and 2011, respectively.

G. Donated services

The Center's board of directors and its officers serve without compensation. These services are not recorded in the financial statements and the effect, if any, on the financial statements is unknown.

The Center's employees occasionally donate miscellaneous office supplies to the Center. The donations are not significant in amount and are recorded in the financial statements at fair market value.

H. 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

I. Inventory

Inventory is stated at the lower of cost or market and consists of office supplies.

J. Subsequent Events

The Center has evaluated subsequent events through the date the financial statements were issued on November 27, 2012.

K. Advertising

Advertising costs are expensed as incurred. Recorded in the statements of activities for the years ended June 30, 2012 and 2011 were advertising costs of \$1,335 and \$830, respectively.

**POWESHIEK COUNTY MENTAL HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011**

NOTE 3 – NET PATIENT SERVICE REVENUE

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rate. A summary of the payment arrangements with major third-party payors follows:

Medicare – Services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on various factors. Costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Center and audit thereof by the Medicare fiscal intermediary.

Medicaid – Services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Center and audits thereof by the Medicaid fiscal intermediary.

The Center has also entered into payment agreements with certain commercial insurance carriers, HMOs and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates and discounts from established charges.

NOTE 4 – LONG-TERM DEBT

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

	<u>2012</u>	<u>2011</u>
Berkadia Commercial Mortgage - \$191,000 mortgage loan dated January 9, 1980 and due in monthly installments of \$938, including interest at 5% through January 2020. Collateralized by the office building.	\$69,370	\$76,626
USDA Rural Development - \$284,000 mortgage loan dated September 18, 2002 and due in monthly installments of \$1,349, including interest at 4.75% through 2042. Collateralized by the office building.	258,707	260,859

POWESHIEK COUNTY MENTAL HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 4 – LONG-TERM DEBT (continued)

HS Medical Billing Services - \$24,264 lawsuit settlement dated January 10, 2012 resulting from unpaid services. Due in monthly installments of not less than \$500, including interest at 6% until all of the debt has been paid in full.

	<u>22,351</u>	<u>0</u>
Total long-term debt	350,428	337,485
Less current maturities	<u>16,760</u>	<u>11,397</u>
Long-term debt, net of current maturities	<u>\$333,668</u>	<u>\$326,088</u>

The USDA Rural Development loan covenants require an amount equal to one year's payments in the amount of \$16,188 be set aside from the Center's general fund. As a result \$16,188 has been allocated from the unrestricted net assets (deficit) of the Center to temporarily restricted net assets on the statement of financial position at June 30, 2012 and 2011.

Following is a schedule of long-term debt payable in future years ending June 30:

2013	\$16,760
2014	17,657
2015	18,603
2016	19,600
2017	15,915
Thereafter	<u>261,893</u>
Total	<u>\$350,428</u>

NOTE 5 – TAX STATUS

The Poweshiek County Mental Health Center was formed and operates as a tax-exempt corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law.

Income tax returns are subject to uncertain tax positions that might not be sustained upon examination by taxing authorities. Management annually makes an appropriate evaluation of any uncertain tax positions that may exist within the Company's tax returns. As of November 27, 2012, management believes that there are no material uncertain tax positions that are required to be recorded or disclosed. With few exceptions, the Company is no longer subject to tax examinations for years before June 30, 2010.

POWESHIEK COUNTY MENTAL HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 6 – NET ASSETS

Unrestricted net assets are net assets not subject to donor-imposed restrictions. Temporarily restricted net assets are net assets set aside for specific purposes. SEE NOTE 4.

NOTE 7 – LOSS DUE TO MISAPPROPRIATION OF ASSETS

During the year ended June 30, 2011 the Center reported a loss due to the embezzlement of funds by an employee who was part of the financial record keeping of the Center. The employee has since been terminated and a police report and insurance claim have been filed. The amount of insurance proceeds was not determinable for the June 30, 2011 financial statements and was not included. During the year ended June 30, 2012 insurance proceeds in the amount of \$18,465 were received and are included in the statement of activities. Included in the statement of activities for the year ended June 30, 2011 is a loss of \$17,910 related to the embezzlement.

NOTE 8 – RETIREMENT PLAN

The Center maintains a 403(b) retirement plan as authorized by the Center's by-laws. The plan is available to permanent employees (employed an average of 20 or more hours per week). Under the terms of the plan, the Center contributes an amount equal to 9% of the annual salary for each employee participating in the plan. The plan uses a 6-year graded vesting schedule for all employees hired after January 21, 2010. Employees hired before that date receive 100% vesting on all employer contributions. The accumulated monies are paid upon a participant's retirement or termination. For the year ended June 30, 2011 the board of directors voted to reduce the amount the Center contributes to the plan to 5% from July – December 2010 and 1% from January – June 2011. For the year ended June 30, 2012 the board of directors voted to reduce the amount the Center contributes to the plan to 0% for August – June 2012.

For the year ended June 30, 2012 and 2011, the Center's contributions to the plan were \$355 and \$46,862, respectively. Actual contributions to the plan for the years ended June 30, 2012 and 2011 were \$0 and \$0, respectively, and are shown as a current liability in the statements of financial position.

NOTE 9 – LEASES

The Center leases on a month to month basis, at a rate of \$583 per month, the bottom floor of the Pearl Street Apartments which is used for the Clubhouse. Included in clubhouse expenses in the statements of activities for the years ended June 30, 2012 and 2011 is rent expense of \$6,817 and \$6,867, respectively.

POWESHIEK COUNTY MENTAL HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 9 – LEASES (continued)

The Center leases various office equipment (computer server, postage machine, copy machines). For the year ended June 30, 2012 the monthly expense related to these leases is \$687.

NOTE 10 – CONTINGENCIES

Recorded in the statements of financial position at June 30, 2012 and 2011 are unpaid payroll taxes, interest and penalties from the year ended June 30, 2011 in the amount of \$78,876 and \$132,958. The liability is recorded as other payroll taxes, penalties & interest and payroll taxes payable in the statement of financial position at June 30, 2012 and 2011, respectively. The liability stems from a former employee (SEE NOTE 7) failing to make the required payroll tax deposits. The Center hired an outside organization to represent and mediate the matter with the Internal Revenue Service. Significant penalties and interest were assessed for the late payment of taxes and late filing of payroll reports and the income tax return for the year ending June 30, 2010. The amount of penalties and interest were subject to negotiation and a reasonable estimate could not be made for the financial statements for the year ended June 30, 2011. On November 30, 2011 the Center entered into an installment agreement with the IRS. The agreement assessed penalties and interest, required a \$25,000 down payment and monthly installment payments of \$1,000. Penalties and interest recognized in the statement of activities for the year ended June 30, 2012 is \$50,583. The penalties and interest are ongoing and have been accrued through June 30, 2012 only. The down payment was provided by an outside donation to the Center.

Fees charged by the outside organization for representation and mediation were \$3,500 and are included in professional fees on the statement of activities for the year ended June 30, 2012.

During the year ended June 30, 2012 an investigation by the Social Security Administration began at the Center's clubhouse. The investigation is related to alleged misuse of client funds by a clubhouse employee. As of the date the financial statements were issued, November 27, 2012, the investigation is ongoing and the loss, if any, is undeterminable by management of the Center.

**POWESHIEK COUNTY MENTAL HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011**

NOTE 11 – FUNCTIONAL EXPENSES

The Center provides mental health services including outpatient mental health care and preventive services, education and consultation to those in its catchment area. Expenses related to providing these services are as follows:

	<u>2012</u>	<u>2011</u>
Program services	\$ 844,025	\$1,009,843
General and administrative	<u>347,396</u>	<u>397,440</u>
Total expenses	<u>\$1,191,421</u>	<u>\$1,407,283</u>

NOTE 12 – GOING CONCERN

As shown in the accompanying financial statements, the Center has a deficit of net assets of \$104,190 and \$51,293, which includes expenses over revenues of \$52,897 and \$278,182 for the years ended June 30, 2012 and 2011, respectively.

During the year ended June 30, 2011 the Center lost the services of a physician which led to a decrease in contract service revenue and patient fees. In addition, Grinnell College substantially decreased its support from the previous year. The Center also became aware of a significant payroll tax liability due to a former employee failing to remit payroll tax deposits for the year (SEE NOTE 7 and 10). During the year ended June 30, 2012 the Center is still recovering from the effects of the employee embezzlement and the large debt load that resulted from the former employee failing to pay required bills. In addition, the Center was assessed approximately \$48,000 by the IRS for late payment of payroll taxes and this amount was recorded in the statement of activities for the year ended June 30, 2012 (SEE NOTE 10).

These factors have created an uncertainty about the Center's ability to continue as a going concern. Management has taken steps to reduce operating costs and increase the collection of accounts receivable. These include the elimination of the employer share of retirement contributions, major fundraising to support clubhouse operations (which currently is a loss center) and putting internal controls in place to collect patient co-pays and past due accounts. In addition, the Center has plans to bring the medical billing in-house which will reduce costs and aid in the collection of accounts receivable.

The ability of the Center to continue as a going concern is dependent on a continued reduction of operating costs, an increase in patient service revenue and increased public support. The financial statements do not include any adjustments that might be necessary if the Center is unable to continue as a going concern.