

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

Financial Statements

June 30, 2012 and 2011

# 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 – 2012.....	6
Statement of Functional Expenses – 2011.....	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

Offices located in:

**Burlington**  
(319) 753-9877  
**Cedar Rapids**  
(319) 393-2374  
**Centerville**  
(641) 437-4296  
**Fairfield**  
(641) 472-6171  
**Mt. Pleasant**  
(319) 385-3026



## TD&T Financial Group, P.C.

Offices located in:

**Muscatine**  
(563) 264-2727  
**Oskaloosa**  
(641) 672-2523  
**Ottumwa**  
(641) 683-1823  
**Pella**  
(641) 628-9411  
**Sigourney**  
(641) 622-1013

### 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, 2012 and 2011, 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, 2012 and 2011, 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 30, 2012, 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 audits.

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, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked “unaudited,” 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 financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

October 30, 2012

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Statements of Financial Position  
June 30, 2012 and 2011

	<u>Assets</u>	
	2012	2011
Current assets:		
Cash and cash equivalents	\$ 547,876	690,862
Receivables:		
Client services, less allowance for doubtful accounts of \$55,000 in 2012 and 2011	448,804	385,077
State of Iowa Community Mental Health Services grants-		
Federal	23,474	41,632
State of Iowa Homeless grant-Federal	7,566	11,836
State and county governments	92,395	159,926
Other	30,849	32,068
Prepaid expenses	64,958	36,907
Total current assets	1,215,922	1,358,308
Property and equipment:		
Land	56,775	56,775
Buildings	883,959	875,416
Furniture and equipment	323,371	304,712
Total	1,264,105	1,236,903
Less accumulated depreciation	855,788	815,102
Net property and equipment	408,317	421,801
Total assets	\$ 1,624,239	1,780,109

See accompanying notes to financial statements.

Liabilities and Net Assets

	<u>2012</u>	<u>2011</u>
Current liabilities:		
Accounts payable	\$ 76,169	71,445
Accrued expenses	<u>160,234</u>	<u>305,348</u>
Total current liabilities	<u>236,403</u>	<u>376,793</u>
Net assets:		
Unrestricted:		
General operating	1,322,882	1,330,628
Temporarily restricted	<u>64,954</u>	<u>72,688</u>
Total net assets	<u>1,387,836</u>	<u>1,403,316</u>
Total liabilities and net assets	\$ <u>1,624,239</u>	<u>1,780,109</u>

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

**Statements of Activities  
For the Years Ended June 30, 2012 and 2011**

	2012		
	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Public support:			
Johnson County, including medication fund reimbursements	\$ 745,413	-	745,413
Iowa County	43,200	-	43,200
Cedar County	59,219	-	59,219
Other counties	90,569	-	90,569
State payment program	153,191	-	153,191
Mental Health Block Grant	68,184	-	68,184
PATH Grant for Homeless Outreach Services	43,000	-	43,000
Other grants	149,083	-	149,083
Contributions	42,205	59,236	101,441
Net assets released from restrictions	66,970	(66,970)	-
Total public support	<u>1,461,034</u>	<u>(7,734)</u>	<u>1,453,300</u>
Revenue:			
Client fees	1,261,400	-	1,261,400
Investment income	1,880	-	1,880
Fundraising events, net of direct costs of \$6,170 and \$6,248 in 2012 and 2011	15,811	-	15,811
Other	11,522	-	11,522
Total revenue	<u>1,290,613</u>	<u>-</u>	<u>1,290,613</u>
Total public support and revenue	<u>2,751,647</u>	<u>(7,734)</u>	<u>2,743,913</u>
Expenses:			
Program services, including reimbursed medications	2,608,351	-	2,608,351
Supporting services:			
Fundraising	11,330	-	11,330
Administrative	139,712	-	139,712
Total expenses	<u>2,759,393</u>	<u>-</u>	<u>2,759,393</u>
Change in net assets	(7,746)	(7,734)	(15,480)
Net assets, beginning of year	<u>1,330,628</u>	<u>72,688</u>	<u>1,403,316</u>
Net assets, end of year	<u>\$ 1,322,882</u>	<u>64,954</u>	<u>1,387,836</u>

See accompanying notes to financial statements.

2011

Unrestricted	Temporarily Restricted	Total
895,328	-	895,328
43,200	-	43,200
81,118	-	81,118
112,627	-	112,627
156,936	-	156,936
96,812	-	96,812
43,000	-	43,000
43,788	-	43,788
22,469	62,582	85,051
49,273	(49,273)	-
1,544,551	13,309	1,557,860
1,225,873	-	1,225,873
2,874	-	2,874
16,090	-	16,090
12,043	-	12,043
1,256,880	-	1,256,880
2,801,431	13,309	2,814,740
2,656,023	-	2,656,023
14,053	-	14,053
129,395	-	129,395
2,799,471	-	2,799,471
1,960	13,309	15,269
1,328,668	59,379	1,388,047
1,330,628	72,688	1,403,316

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Statements of Cash Flows  
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating activities:		
Change in net assets	\$ (15,480)	15,269
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	40,686	38,057
Effects of changes in operating assets and liabilities:		
Receivables	27,451	(67,906)
Prepaid expenses	(28,051)	(1,390)
Accounts payable	4,724	50,559
Accrued expenses	(145,114)	128,493
Net cash provided (used) by operating activities	<u>(115,784)</u>	<u>163,082</u>
Investing activities:		
Purchases of property and equipment	<u>(27,202)</u>	<u>(43,328)</u>
Net cash provided (used) by investing activities	<u>(27,202)</u>	<u>(43,328)</u>
Net increase (decrease) in cash and cash equivalents	(142,986)	119,754
Cash and cash equivalents, beginning of year	<u>690,862</u>	<u>571,108</u>
Cash and cash equivalents, end of year	<u>\$ 547,876</u>	<u>690,862</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, 2012

	Program Services				
	SFY, FFY & Mini Mental Health	Homeless	Compeer	CSP	Consultation and Education
Direct salaries and nonemployee compensation	\$ 108,537	40,867	23,191	152,770	2,525
Payroll taxes	8,312	2,982	1,749	11,077	178
Employee benefits	16,064	10,171	2,794	32,049	504
Total salaries and related expenses	<u>132,913</u>	<u>54,020</u>	<u>27,734</u>	<u>195,896</u>	<u>3,207</u>
Rent	303	91	40	326	55
Dues and subscriptions	18	26	546	89	93
Repairs and maintenance	2,094	847	618	4,126	369
Insurance	1,422	606	441	2,444	398
Professional fees	3,617	1,443	1,858	5,567	908
Travel	844	1,934	19	10,869	45
Staff development	6,059	420	84	429	78
Utilities and telephone	1,781	948	373	4,389	290
Advertising	480	168	92	602	101
Office supplies and postage	2,321	796	1,718	2,740	501
Emergency services	345	150	102	539	90
Program activities and supplies	92	2,559	462	509	5
Recruitment	129	-	-	-	-
Other	285	123	177	473	74
Total before depreciation	<u>152,703</u>	<u>64,131</u>	<u>34,264</u>	<u>228,998</u>	<u>6,214</u>
Depreciation	<u>2,166</u>	<u>896</u>	<u>641</u>	<u>3,958</u>	<u>462</u>
Total functional expenses	<u>\$ 154,869</u>	<u>65,027</u>	<u>34,905</u>	<u>232,956</u>	<u>6,676</u>

See accompanying notes to financial statements.

			Supporting Services			
Psycho-therapy	Psychiatry	Total Program Services	Fundraising	Administrative	Total Supporting Services	Total
637,899	924,544	1,890,333	8,537	70,709	79,246	1,969,579
45,820	50,740	120,858	469	5,594	6,063	126,921
115,556	114,992	292,130	1,591	14,028	15,619	307,749
799,275	1,090,276	2,303,321	10,597	90,331	100,928	2,404,249
4,294	1,539	6,648	-	-	-	6,648
221	167	1,160	-	6,106	6,106	7,266
14,157	12,456	34,667	-	4,460	4,460	39,127
8,815	27,825	41,951	-	6,577	6,577	48,528
22,229	26,879	62,501	-	8,055	8,055	70,556
4,389	-	18,100	-	3,324	3,324	21,424
6,801	2,763	16,634	-	5,755	5,755	22,389
10,090	8,373	26,244	-	3,376	3,376	29,620
2,359	2,917	6,719	-	-	-	6,719
12,807	14,754	35,637	733	7,097	7,830	43,467
2,080	2,694	6,000	-	-	-	6,000
2,662	878	7,167	-	-	-	7,167
-	138	267	-	-	-	267
1,778	2,370	5,280	-	-	-	5,280
891,957	1,194,029	2,572,296	11,330	135,081	146,411	2,718,707
13,832	14,100	36,055	-	4,631	4,631	40,686
905,789	1,208,129	2,608,351	11,330	139,712	151,042	2,759,393

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

**Statement of Functional Expenses  
For the Year Ended June 30, 2011**

	Program Services				
	SFY, FFY & Mini Mental Health	Homeless	Compeer	CSP	Consultation and Education
Direct salaries and nonemployee compensation	\$ 93,755	41,442	21,386	156,190	4,171
Payroll taxes	7,550	2,721	1,620	11,457	304
Employee benefits	13,491	10,031	2,369	33,394	745
Total salaries and related expenses	<u>114,796</u>	<u>54,194</u>	<u>25,375</u>	<u>201,041</u>	<u>5,220</u>
Rent	181	86	26	317	55
Dues and subscriptions	35	97	530	61	44
Repairs and maintenance	1,619	753	257	3,177	472
Insurance	1,146	543	142	2,046	421
Professional fees	3,075	1,247	1,005	5,441	828
Travel	1,469	2,691	638	8,509	39
Staff development	9,502	94	124	1,367	60
Utilities and telephone	1,592	1,105	182	4,157	339
Advertising	523	249	74	918	158
Office supplies and postage	2,472	835	2,612	3,900	642
Emergency services	297	141	42	521	90
Program activities and supplies	315	3,438	117	413	29
Recruitment	-	-	-	305	-
Other	221	105	262	449	101
Total before depreciation	<u>137,243</u>	<u>65,578</u>	<u>31,386</u>	<u>232,622</u>	<u>8,498</u>
Depreciation	<u>1,743</u>	<u>810</u>	<u>285</u>	<u>3,312</u>	<u>493</u>
Total functional expenses	<u>\$ 138,986</u>	<u>66,388</u>	<u>31,671</u>	<u>235,934</u>	<u>8,991</u>

See accompanying notes to financial statements.

			Supporting Services			
Psycho-therapy	Psychiatry	Total Program Services	Fundraising	Administrative	Total Supporting Services	Total
676,708	920,533	1,914,185	9,559	71,326	80,885	1,995,070
48,900	55,177	127,729	731	5,456	6,187	133,916
<u>124,543</u>	<u>118,074</u>	<u>302,647</u>	<u>1,637</u>	<u>13,492</u>	<u>15,129</u>	<u>317,776</u>
850,151	1,093,784	2,344,561	11,927	90,274	102,201	2,446,762
3,963	1,672	6,300	-	-	-	6,300
238	289	1,294	-	2,690	2,690	3,984
11,832	13,705	31,815	-	4,094	4,094	35,909
8,307	26,675	39,280	-	6,884	6,884	46,164
19,645	24,204	55,445	-	7,134	7,134	62,579
5,512	-	18,858	-	3,084	3,084	21,942
9,042	4,128	24,317	-	-	-	24,317
10,599	9,683	27,657	-	3,293	3,293	30,950
3,807	4,845	10,574	-	-	-	10,574
12,630	17,081	40,172	2,126	5,169	7,295	47,467
2,160	2,749	6,000	-	-	-	6,000
5,302	862	10,476	-	-	-	10,476
-	260	565	-	-	-	565
<u>1,587</u>	<u>2,004</u>	<u>4,729</u>	<u>-</u>	<u>2,696</u>	<u>2,696</u>	<u>7,425</u>
944,775	1,201,941	2,622,043	14,053	125,318	139,371	2,761,414
<u>12,767</u>	<u>14,570</u>	<u>33,980</u>	<u>-</u>	<u>4,077</u>	<u>4,077</u>	<u>38,057</u>
<u><u>957,542</u></u>	<u><u>1,216,511</u></u>	<u><u>2,656,023</u></u>	<u><u>14,053</u></u>	<u><u>129,395</u></u>	<u><u>143,448</u></u>	<u><u>2,799,471</u></u>

# COMMUNITY MENTAL HEALTH CENTER FOR MID-EASTERN IOWA

## Notes to Financial Statements June 30, 2012 and 2011

### 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, 2012 and 2011

### 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, 2012 and 2011

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, 2012 and 2011

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. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2009.

Date of Managements' Review

Management has evaluated subsequent events through October 30, 2012, the date which the financial statements were available to be issued.

Note 2 – Client Fees

Client fees for the years ended June 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Gross client fees	\$ 1,560,570	1,535,459
Fee adjustments	<u>(299,170)</u>	<u>(309,586)</u>
Net fees	\$ <u>1,261,400</u>	<u>1,225,873</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, 2012 and 2011

Note 5 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Subsequent years' operations	\$ 31,836	32,065
Compeer program	<u>33,118</u>	<u>40,623</u>
	<u>\$ 64,954</u>	<u>72,688</u>

Note 6 – Depreciation

Depreciation expense for the years ended June 30, 2012 and 2011 was \$40,686 and \$38,057, 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 \$132,923 and \$141,465 for the years ended June 30, 2012 and 2011, 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, 2012 and 2011 the Center received 27% and 32% 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, 2012 and 2011

COMMUNITY MENTAL HEALTH CENTER  
FOR MID-EASTERN IOWA

Comparative Summary of Budgeted and Actual Functional  
Expenses

For the Year Ended June 30, 2012

	(Unaudited) Budgeted <u>Expenditures</u>	Actual <u>Expenditures</u>
Functional expenses:		
Salaries and nonemployee compensation	\$ 1,986,149	1,969,579
Payroll taxes and employee benefits	459,192	434,670
Total salaries and related expenses	<u>2,445,341</u>	<u>2,404,249</u>
Staff development	22,000	22,389
Professional fees	11,220	10,895
Computer support	42,378	59,661
Rent	6,781	6,648
Utilities	14,747	13,388
Insurance	48,848	48,528
Telephone and internet service	16,820	16,232
Supplies, postage and small equipment	56,909	50,634
Maintenance, buildings and grounds	33,500	39,127
Publicity	10,787	6,719
Travel reimbursement	22,381	21,424
Emergency service	6,000	6,000
Staff recruitment	576	267
Bank fees	2,750	2,227
Depreciation	36,954	40,686
PATH rent deposit fund	1,500	1,480
Other expenses	11,841	8,839
	<u>345,992</u>	<u>355,144</u>
Total functional expenses	\$ <u>2,791,333</u>	<u>2,759,393</u>

Offices located in:  
**Burlington**  
(319) 753-9877  
**Cedar Rapids**  
(319) 393-2374  
**Centerville**  
(641) 437-4296  
**Fairfield**  
(641) 472-6171  
**Mt. Pleasant**  
(319) 385-3026



Offices located in:  
**Muscatine**  
(563) 264-2727  
**Oskaloosa**  
(641) 672-2523  
**Ottumwa**  
(641) 683-1823  
**Pella**  
(641) 628-9411  
**Sigourney**  
(641) 622-1013

## TD&T Financial Group, P.C.

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, 2012, and have issued our report thereon dated October 30, 2012. 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**

Management of Community Mental Health Center for Mid-Eastern Iowa is responsible for establishing and maintaining effective 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.*

October 30, 2012