Financial Statements
June 30, 2014 and 2013

Northwest Iowa Mental Health Center d/b/a Seasons Center For Behavioral Health

Northwest Iowa Mental Health Center
Board of Directors

Name	Title	County Represented
Jim DeBoom	President	O'Brien
Merlin Sandersfeld	Vice-President	Osecola
Del Brockshus	Treasurer	Clay
Burlin Matthews	Secretary	Clay
David Gottsche	Director	Dickinson
Mardi Allen	Director	Dickinson
Bev Juhl	Director	Emmet
Ron Smith	Director	Emmet
Randy Bosch	Director	Lyon
Steve Michael	Director	Lyon
John Steensma	Director	O'Brien
LeRoy DeBoer	Director	Osecola
Craig Merrill	Director	Palo Alto
Keith Wirtz	Director	Palo Alto

Independent Auditor's Report

To the Board of Directors
Northwest Iowa Mental Health Center
d/b/a Seasons Center For Behavioral Health
Spencer, Iowa

Report on the Financial Statements
We have audited the accompanying financial statements of Northwest Iowa Mental Health Center d/b/a Seasons Center For Behavioral Health, which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Iowa Mental Health Center d/b/a Seasons Center For Behavioral Health as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014 on our consideration of Northwest Iowa Mental Health Center, d/b/a Seasons Center For Behavioral Health'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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Iowa Mental Health Center d/b/a Seasons Center For Behavioral Health's internal control over financial reporting and compliance.

Eide Bailly LLP

Sioux Falls, South Dakota
October 21, 2014

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 978,244	$ 344,146
Receivables		
Patient, net of estimated uncollectibles of $453,000 in 2014 and $359,000 in 2013	589,339	399,399
Accounts receivable, counties and other governmental agencies	353,885	434,256
Promises to give, current portion	113,442	-
Supplies	-	5,530
Prepaid expenses	80,811	75,728
Total current assets	2,115,721	1,259,059
Property and Equipment	922,212	881,520
Other Assets		
Promises to give, net	290,934	-
Total assets	$ 3,328,867	$ 2,140,579
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 2,500	$ 2,500
Accounts payable	90,817	38,412
Accrued expenses		
Salaries and wages	135,278	109,594
Vacation	178,319	145,232
Payroll taxes and other	47,274	14,974
Total current liabilities	454,188	310,712
Non-Current Liabilities		
Long-Term Debt, Less Current Maturities	110,000	62,500
Total liabilities	564,188	373,212
Net Assets		
Unrestricted	2,174,173	1,767,367
Temporarily restricted	590,506	-
Total net assets	2,764,679	1,767,367
Total liabilities and net assets	$ 3,328,867	$ 2,140,579

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenues				
Public support				
Counties	$ 735,882	$ -	$ -	$ 735,882
Grants	601,168	-	-	601,168
Contributions	66,106	666,934	-	733,040
Total public support	1,403,156	666,934	-	2,070,090
Revenues				
Patient services	3,646,076	-	-	3,646,076
Other program and fee income	488,089	-	-	488,089
Net assets released from restrictions	76,428	(76,428)	-	-
Total revenues	4,210,593	(76,428)	-	4,134,165
Total public support and revenues	5,613,749	590,506	-	6,204,255
Expenses				
Outpatient care	1,091,911	-	-	1,091,911
Community support	395,962	-	-	395,962
Case management	440,576	-	-	440,576
Psychiatric	1,194,239	-	-	1,194,239
Psychological testing	208,498	-	-	208,498
Substance abuse	244,423	-	-	244,423
Federal grant	402,920	-	-	402,920
Other	301,540	-	-	301,540
Administration	927,968	-	-	927,968
Total expenses	5,208,036	-	-	5,208,036
Operating Income	405,713	590,506	-	996,219
Other Income				
Investment income	1,093	-	-	1,093
Miscellaneous income	-	-	-	-
Total other income	1,093	-	-	1,093
Revenue in Excess of Expenses and Change in Net Assets	406,806	590,506	-	997,312
Net Assets, Beginning of Year	1,767,367	-	-	1,767,367
Net Assets, End of Year	$ 2,174,173	$ 590,506	$ -	$ 2,764,679

See Notes to Financial Statements

2013			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 697,322	$ -	$ -	$ 697,322
473,640	-	-	473,640
45,342	25,000	-	70,342
1,216,304	25,000	-	1,241,304
2,741,077	-	-	2,741,077
651,120	-	-	651,120
25,000	(25,000)	-	-
3,417,197	(25,000)	-	3,392,197
4,633,501	-	-	4,633,501
886,742	-	-	886,742
368,934	-	-	368,934
515,784	-	-	515,784
1,241,497	-	-	1,241,497
25,428	-	-	25,428
142,459	-	-	142,459
296,068	-	-	296,068
-	-	-	-
985,695	-	-	985,695
4,462,607	-	-	4,462,607
170,894	-	-	170,894
13,071	-	-	13,071
750	-	-	750
13,821	-	-	13,821
184,715	-	-	184,715
1,582,652	-	-	1,582,652
$ 1,767,367	$ -	$ -	$ 1,767,367

	Outpatient	Community Support	Case Management	Psychiatric
Salaries and Wages	$ 664,944	$ 229,835	$ 271,564	$ 729,034
Purchase Services	9,632	5,223	4,771	58,179
Payroll Taxes	45,373	11,004	19,041	41,458
Workers Compensation	6,470	2,310	2,821	7,038
Medical Insurance	66,909	23,538	28,577	73,218
Retirement	56,416	19,555	23,735	60,943
Staff Development	11,711	2,855	1,022	7,972
Recruiting and Moving	365	83	-	22
Malpractice Insurance	6,404	2,212	2,690	22,441
Auto Insurance	822	4,374	1,631	631
Auto Repairs and Maintenance	599	4,661	2,120	447
Auto Gas	724	8,393	3,462	290
Mileage	8,311	6,231	2,437	2,187
Other Travel Expenses	1,347	1,822	161	240
Rent	22,014	6,830	4,417	16,240
Insurance	7,099	2,452	2,982	7,622
Depreciation	46,344	26,243	23,017	48,987
Utilities	11,496	4,940	8,197	7,005
Building Repairs and Maintenance	8,212	2,988	3,506	6,170
Professional Services	7,156	2,471	3,001	7,689
Computer Services	11,549	4,018	4,937	12,976
Board and Administrative Expenses		-	-	-
Dues and Subscriptions	1,153	330	352	1,664
Advertising and Promotion	7,305	3,088	3,007	7,086
Supplies	8,177	3,059	2,757	8,393
Postage	6,122	2,162	2,547	6,591
Printing	176	60	69	481
Telephone	15,881	5,795	6,286	18,565
Rentals	30,052	5,603	8,200	19,869
Equipment Repair and Maintenance	11,181	2,572	2,037	4,423
Interest	-	-	-	-
Food and Provisions	1,164	721	551	853
Bank and Credit Card Charges	1,536	535	684	1,672
Bad Debt Expense	15,267	-	-	13,854
	$ 1,091,911	$ 395,962	$ 440,576	$ 1,194,239

Psychological Testing	Substance Abuse	Federal Grant	Other	Admin	Totals 2014	Totals 2013
$ 119,466	$ 139,723	$ 205,236	$ 161,392	$ 573,091	$ 3,094,285	$ 2,620,508
834	5,776	72,863	14,225	1,245	172,747	122,055
7,539	3,761	14,397	29,297	61,474	233,344	197,469
1,031	1,538	1,933	1,644	5,843	30,626	32,562
11,327	15,761	18,511	16,886	55,931	310,658	234,344
9,609	11,456	17,660	14,091	49,650	263,114	222,028
313	1,670	8,840	4	1,027	35,413	27,797
1,873	1,099	-	453	2,782	6,677	625
728	1,500	-	1,594	3,315	40,884	40,067
324	159	-	98	244	8,283	7,959
229	265	-	58	470	8,851	8,803
439	383	110	-	3,840	17,641	19,359
12,988	5,145	2,518	242	5,369	45,429	22,205
2,835	910	11,963	-	5,292	24,570	12,675
3,291	6,221	370	2,877	1,589	63,848	67,089
807	1,663	-	1,767	1,198	25,590	21,970
5,671	11,027	-	9,178	-	170,468	140,722
1,584	2,101	60	3,157	11,839	50,378	32,534
817	2,340	-	2,274	6,092	32,398	42,896
839	1,655	-	1,779	13,293	37,882	28,017
1,185	2,457	-	2,695	-	39,818	35,696
-	-	-	-	1,651	1,651	208
1,251	308	-	232	4,087	9,376	3,331
1,468	2,121	5,177	2,545	9,943	41,740	41,500
4,337	13,328	6,427	16,723	69,303	132,505	87,798
1,105	1,280	-	1,534	200	21,542	15,706
22	67	553	322	1,512	3,261	170
3,613	4,067	-	4,437	11,221	69,865	66,264
1,225	3,416	-	3,886	110	72,361	42,932
1,945	2,352	33,889	3,008	15,887	77,294	60,536
-	-	-	-	-	-	3,797
44	291	2,413	260	9,282	15,578	7,215
174	384	-	387	0	5,372	9,856
9,583	200	-	4,494	1,188	44,587	185,914
$ 208,498	$ 244,423	$ 402,920	$ 301,540	$ 927,968	$ 5,208,036	$ 4,462,607

	2014	2013
Operating Activities		
Change in net assets	$ 997,312	$ 184,715
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	170,468	140,722
Contributions restricted by donors	(666,934)	(25,000)
Changes in assets and liabilities		
Accounts receivable - patients	(189,940)	(39,770)
Accounts receivable - counties and other governmental agencies	80,371	(350,794)
Supplies	5,530	(5,530)
Prepaid expenses	(5,083)	(17,255)
Accounts payable	52,405	8,803
Accrued expenses	91,071	37,551
Net Cash from (used for) Operating Activities	535,200	(66,558)
Investing Activities		
Purchase of property and equipment	(211,160)	(394,522)
Financing Activities		
Change in promises to give	(404,376)	-
Contributions restricted by donors	666,934	25,000
Proceeds from issuance of long-term debt	50,000	50,000
Repayment of long-term debt	(2,500)	(279,789)
Net Cash from (used for) Financing Activities	310,058	(204,789)
Net Increase (Decrease) in Cash and Cash Equivalents	634,098	(665,869)
Cash and Cash Equivalents, Beginning of Year	344,146	1,010,015
Cash and Cash Equivalents, End of Year	$ 978,244	$ 344,146
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ -	$ 3,797

Note 1 - Organization and Significant Accounting Policies

Organization

Northwest Iowa Mental Health Center, d/b/a Seasons Center For Behavioral Health (Center) is a non-profit corporation established to provide a comprehensive community mental health program for the diagnosis and treatment of psychiatric and psychological disorders and to promote the prevention of mental illness. The Center provides these services to individuals in a nine-county area which includes Buena Vista, Clay, Dickinson, Emmet, Lyon, O'Brien, Osceola, Palo Alto, and Sioux counties.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Center has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

Patient Receivables and Credit Policies

Accounts receivable consist primarily of uncollateralized individual and third-party payor obligations. Unpaid accounts receivable are not charged interest on amounts owed. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from clients due to bad debts. Accounts receivable are written off when deemed uncollectible.

Promises to Give

Promises to give expected to be collected within one year are recorded at net realizable value. Promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2014 and 2013, the allowance was $48,000 and -0-, respectively.

Supplies

Supplies are stated at lower of cost (first in, first out) or market.

Property and Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

Buildings and improvements	5-50 years
Equipment	5-20 years
Vehicles	4-5 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Center and/or the passage of time.

The Center reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Center. As of June 30, 2014 and 2013 the Center did not have any permanently restricted net assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts or grants received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Accounting for Income Taxes

The Center is organized as an Iowa non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Center's federal form 990 filings are no longer subject to federal tax examinations by tax authorities for years before 2011.

Advertising Costs

The Center expenses advertising costs as incurred.

Functional Allocation of Expenses

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

Reclassifications

Certain amounts in the June 30, 2013 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on previously reported operating results or changes in net assets as previously reported.

Subsequent Events

The Center has evaluated subsequent events through October 21, 2014, the date which the financial statements were available to be issued.

Note 2 - Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013, follows:

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Buildings and improvement	$ 1,330,797	$ 676,122	$ 1,209,086	$ 621,330
Vehicles	113,445	64,052	113,445	45,512
Furniture and equipment	1,379,820	1,238,104	1,366,799	1,140,968
Construction in progress	76,428	-	-	-
	$ 2,900,490	$ 1,978,278	$ 2,689,330	$ 1,807,810
Net property and equipment		$ 922,212		$ 881,520

Construction in progress represents expenditures for a building remodeling project. The project is currently in the planning phase.

Note 3 - Promises to Give

Unconditional promises to give are estimated to be collected as follows as of June 30, 2014 and 2013:

	2014	2013
Within one year	$ 113,442	$ -
Within one to five years	369,738	-
	483,180	-
Less discount to net present value [5%]	(30,804)	-
Less Allowance for uncollectible promises	(48,000)	-
Pledges receivable, net	$ 404,376	$ -

Note 4 - Lease Commitments

The Center leases land from the Spencer Hospital on which the Center has constructed its main administrative office as well as space for community mental health services. The lease of the Hospital's land provides for a nominal amount of rent from the Center and expires on December 31, 2062. At the expiration of the lease the Center's building and improvements will revert to Spencer Municipal Hospital.

The Center leases office space and equipment under noncancelable long term lease agreements. These leases have been recorded as operating leases. Total lease expense for the years ended June 30, 2014 and 2013, for all operating leases was $136,200 and $157,800.

Minimum future lease payments for the operating leases are as follows:

Years Ending June 30,		
2015	$	68,331
2016		27,761
2017		18,120
2018		13,590
	$	127,802

Note 5 - Long Term Debt

Long-term debt consists of:	2014		2013	
Unsecured note payable, 0%, due on March 1, 2016. The note may be forgiven if the Center meets certain conditions.	$	100,000	$	50,000
Note payable, 0% due in yearly installments of $2,500, plus interest, to November 2018, secured by real estate		12,500		15,000
Total long-term debt		112,500		65,000
Less current maturities		(2,500)		(2,500)
	$	110,000	$	62,500

Long-term debt maturities are as follows:

Years Ending June 30,		
2015	$	2,500
2016		102,500
2017		2,500
2018		2,500
2019		2,500
	$	112,500

The Center has a line of credit of $250,000, expiring December 18, 2014, available for short term borrowing at a variable interest rate, as defined in the agreement. There was no balance outstanding as of June 30, 2014.

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for use toward a building renovation and remodeling project. The project is currently in the planning phase.

Note 7 - Pension and Retirement Benefits

The Center contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary, and the Center is required to contribute 8.93% of annual covered payroll for the year ended June 30, 2014. Plan members were required to contribute 5.78% and 5.38% of their annual covered salary, and the Center was required to contribute 8.67% and 8.07% of annual covered payroll for the years ended June 30, 2013 and 2012, respectively. Contribution requirements are established by state statute. The Center’s contributions to IPERS for the years ended June 30, 2014, 2013, and 2012, were $263,114, $222,028, and $169,322, respectively, equal to the required contributions for each year.

Note 8 - Concentration of Credit Risk

The Center provides counseling to individuals in a nine-county area. The Center grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2014 and 2013, was as follows:

	2014	2013
Commercial insurance	32%	21%
Medicaid	26%	29%
Private pay	15%	22%
Blue Cross	15%	11%
Medicare	12%	17%
	100%	100%

The Center's cash balances are maintained in various bank accounts. At various times during the year the balances in these bank accounts were over the FDIC insurance limits.

Note 9 - Functional Expenses

The Center provides health care services to residents within its geographic location. Expenses related to providing these services by functional class for the years ended June 30, 2014 and 2013, are as follows:

	2014	2013
Patient health care services	$ 4,280,068	$ 3,476,912
General and administrative	927,968	985,695
	$ 5,208,036	$ 4,462,607

Note 10 - Economic Dependency on Member Counties and Third-Party Payors

The Center received $735,882 and $697,322, or 13% and 16% of the Center's total revenues, from the seven member counties during the years ended June 30, 2014 and 2013, respectively, for mental health services. In addition another $463,612 and $578,449 or 8% and 13% of total revenues was received from the counties for case management fees, related to those county residents.

The Center also received a substantial amount of its revenue from third-party payors, such as Medicare, Medicaid and Blue Cross. A significant reduction in reimbursement from any of these parties could have a material impact on the Center's programs and services.

Note 11 - Fair Value Measurements

Promises to give are initially recorded at fair value. The fair value of these promises as of June 30, 2014 are as follows:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2014				
Assets				
Promises to give	$ 404,376	$ -	$ -	$ 404,376

The fair value of the promises to give is determined by using discounted cash flows and an allowance for uncollectable promises.

Following is a reconciliation of activity for the year ended June 30, 2014 for assets measured at fair value based upon significant unobservable (non-market) information:

	Promises to give
June 30, 2013 balance	$ -
Promises to give	564,755
Payments received	(81,575)
Discounts on promises to give	(30,804)
Allowance for uncollectible promises	(48,000)
June 30, 2014 balance	$ 404,376

Supplementary Information
June 30, 2014 and 2013

Northwest Iowa Mental Health Center d/b/a Seasons Center For Behavioral Health

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

To the Board of Directors
Northwest Iowa Mental Health Center
d/b/a Seasons Center for Behavioral Health
Spencer, Iowa

We have audited, 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, the financial statements of Northwest Iowa Mental Health Center d/b/a Seasons Center for Behavioral Health (Center) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Iowa Mental Health Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Mental Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Mental Health Center's internal control.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exit that were not identified. However as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as *Finding 2014-A* and *Finding 2014-B* to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Northwest Iowa Mental Health Center's financial statements are free from 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*.

The Center's Response to Findings
Northwest Iowa Mental Health Center's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Northwest Iowa Mental Health Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Sioux Falls, South Dakota
October 21, 2014

Finding Number 2014-A
Preparation of Financial Statements and Material Audit Adjustments

Criteria:	Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.
Condition:	The Center does not have an internal control system designed to provide for the preparation of the full financial statements being audited. As auditors, we proposed material audit adjustments and reclassifications to the balance sheet relating to accounts receivable, promises to give, and long term debt, that would not have been identified as a result of the Center's existing internal controls, and therefore could have resulted in a material misstatement of the balance sheet. We were also requested to draft the financial statements and accompanying notes to the financial statements.
Cause:	The Center has limited staff. They cannot justify incurring the costs necessary for preparing the financial statements with accompanying notes to the financial statements. Material audit adjustments and reclassifications related to the promises to give are non-routine transactions outside of the normal course of operations.
Effect:	This deficiency results in a reasonable possibility that the Center would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.
Recommendation:	While we recognize that this condition is not unusual for an organization with limited staffing, it is important that the Center is aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial accounting and reporting of the Center and changes in the accounting and reporting requirements.
Response:	Management will review the year-end proposed adjustments. Management and the board of directors will review for propriety the financial statements and footnotes prepared by the auditor. Due to the Center's limited staffing, we will accept the risk associated with this condition based on cost and other considerations. The cost of any further controls would outweigh the related benefits.

Finding Number 2014-B
Limited Size of Office Staff/Segregation of Duties

Criteria:	In order to achieve a high level of internal control, the functions of executing transactions, recording transactions, and maintaining accountability for assets should be performed by different employees or be maintained under dual control.
Condition:	The Center has a limited number of office personnel performing the record keeping functions of the organization.
Cause:	The Center has limited staff and cannot justify staffing the number of positions necessary to have proper segregation of duties across all areas. The remodeling project and related fundraising program resulted in additional time demands on the staff.
Effect:	Inadequate segregation of duties could adversely affect the Center’s ability to detect and correct misstatements that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.
Recommendation:	While we recognize that the Center’s office staff may not be large enough to assure optimal internal control, it is important that the Center is aware of this condition. Procedures relating to receivables and long term debt reconciliations should be reviewed for potential improvements. Under this condition, management’s close supervision and review of accounting information is the best means of preventing and detecting errors and irregularities.
Response:	Management agrees with the finding and has reviewed the operating procedures of Northwest Iowa Mental Health Center d/b/a Seasons Center for Behavioral Health. Due to the limited number of office employees, management will continue to monitor the Center’s operations and procedures. Furthermore, we will continually review the assignment of duties to obtain the maximum internal control possible under the circumstances.