

**BRIDGEVIEW COMMUNITY MENTAL
HEALTH CENTER
CLINTON, IOWA**

**FINANCIAL REPORT
June 30, 2016**

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

TABLE OF CONTENTS

	<u>Page</u>
Board of Directors	1
Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8-11
Independent Auditor's Internal Control and Compliance Report	12-13
Schedule of Findings	14
Independent Auditor's Report on Supplementary Information	15
Schedule of Income and Expenses by Department	16-17

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Board of Directors

Name	Title	Term Expires
Jennifer Graf	President	June 16
Deb Olson	Vice President	June 18
Ruthann Papke	Secretary-Treasurer	June 18
Barb DeHaven	Member	June 16
Rick Klahn	Member	June 17
Shawn Hammerlinck	Member	June 16
Jack Wolfe	Member	June 17
Paul Blair	Executive Director	Indefinite



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Sheldon S. Sitrick, CPA (1954 - 1988)
John N. Sherrick, CPA
James K. Blake, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Bridgeview Community Mental Health Center

Report on the Financial Statements

We have audited the accompanying financial statements of Bridgeview Community Mental Health Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and the related statements of activities, functional expenses, and cash flows for the year 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 the 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 audit. 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. 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 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 risk 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 Bridgeview Community Mental Health Center as of June 30, 2016, and the changes in its net assets and its cash flows for the year 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 12, 2016, on our consideration of Bridgeview Community Mental Health Center's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridgeview Community Mental Health Center's internal control over financial reporting and compliance.


SITRICK & ASSOCIATES, LLC
Certified Public Accountants

October 11, 2016
Bettendorf, Iowa

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Statement of Financial Position

June 30, 2016

Assets:		
Current Assets:		
Cash	\$ 712,179	
Certificates of Deposits	1,720,839	
Accounts Receivable	279,550	
Prepaid Expenses	<u>80,343</u>	
Total Current		\$ 2,792,911
Property and Equipment:		
Office Furniture and Equipment	223,924	
Less: Accumulated Depreciation	<u>(190,314)</u>	
Total Property and Equipment		<u>33,610</u>
Total Assets		<u>\$ 2,826,521</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 57,961	
Other Accrued Liabilities	750	
Accrued Wages	<u>193,373</u>	
Total Current Liabilities		<u>\$ 252,084</u>
Total Liabilities		252,084
Net Assets:		
Unrestricted		<u>2,574,437</u>
Total Liabilities and Net Assets		<u>\$ 2,826,521</u>

The Notes to Financial Statements are an integral part of this statement

4

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Statement of Activities
For the Year Ended June 30, 2016

	2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support:			
Service Fees:			
County	\$ 75,471	\$ -	\$ 75,471
Habitation	21,663		21,663
Medicare	703,911		703,911
Medicaid	2,168,428		2,168,428
Integrated Health Homes	491,237		491,237
Private Insurance	955,285		955,285
Self Pay	16,261		16,261
Less Adjustments	(1,432,467)		(1,432,467)
Grants, Contracts, Fees	212,769		212,769
Donations	18,200		18,200
Other	21,486	-	21,486
Total Revenue and Support	3,252,244	-	3,252,244
Expenses:			
Program Expenses			
Independent Living	366,760		366,760
School SAT	201,067		201,067
School Contracts	12,993		12,993
Clinical	734,065		734,065
Medical	852,332		852,332
Integrated Health Homes	374,028		374,028
Alverno	6,753	-	6,753
	2,547,998	-	2,547,998
General and Administrative	532,299	-	532,299
Total Expenses	3,080,297	-	3,080,297
Change in Net Assets	171,947	-	171,947
Net Assets Beginning of Year	2,402,490	-	2,402,490
Net Assets End of Year	\$ 2,574,437	\$ -	\$ 2,574,437

The Notes to Financial Statements are an integral part of this statement

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Statement of Cash Flows For the Year Ended to June 30, 2016

Cash flows from (used in) Operating Activities:	
Excess of revenue over expenses	\$ 171,947
Adjustments to reconcile change in assets to net cash from operating activities:	
Depreciation	13,640
Decrease (increase) in operating assets:	
Accounts Receivable	(58,856)
Other Receivables	(10,682)
Certificates of Deposits	176,328
Increase (decrease) in Operating Liabilities:	
Accounts payable	7,944
Other accrued expenses	(2,674)
Accrued wages	<u>32,807</u>
Net cash flows from Operating Activities	<u>330,454</u>
Cash Flows from (used in) Investing Activities:	
Purchase of Furniture & Equipment	<u>(21,726)</u>
Net Cash Used in Investing Activities	<u>(21,726)</u>
Net (Decrease) Increase in Cash	308,728
Cash and Cash Equivalents Beginning of Year	<u>403,451</u>
Cash and Cash Equivalents End of Year	<u>\$ 712,179</u>

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Statement of Functional Expenses
For the Year Ended June 30, 2016

PROGRAM SERVICES

	Independent Living	Integrated										Total
		School SAT	School Contracts	Clinical	Medical	Homes	Alverno	Program Services	General & Administrative	Total		
Salaries and Wages	\$ 222,830	\$ 132,506	\$ 10,024	\$ 492,994	\$ 436,830	\$ 250,120	\$ 4,883	\$ 1,550,187	\$ 344,400	\$ 1,894,587		
Payroll Taxes	17,822	11,298	834	39,138	27,194	20,807	398	117,491	28,848	146,339		
Employee Benefits	44,217	28,461	1,585	78,675	51,600	58,665	843	264,046	78,016	342,062		
Insurance	1,914	1,309	70	5,056	5,136	2,078	39	15,602	1,453	17,055		
Advertising	2,133	2,096	109	8,308	6,451	2,618	64	21,779	913	22,692		
Staff Development	140	1,098	4	3,714	22,258	505	-	27,719	253	27,972		
Meetings	292	130	7	483	306	284	4	1,506	924	2,430		
Dues, Fees, Licenses	1,241	586	25	3,315	4,496	671	15	10,349	759	11,108		
Rent, Utilities, Phone	30,027	4,348	13	28,855	18,711	20,439	7	102,400	32,811	135,211		
Supplies	12,341	2,353	123	15,097	8,826	4,799	32	43,571	11,441	55,012		
Professional Services	22,343	14,338	174	54,942	266,864	9,015	458	368,134	13,691	381,825		
Equipment	878	856	20	3,475	3,660	682	10	9,581	4,830	14,411		
Mileage	10,582	1,688	5	13	-	3,345	-	15,633	320	15,953		
Depreciation	-	-	-	-	-	-	-	-	13,640	13,640		
Total Expenses	\$ 366,760	\$ 201,067	\$ 12,993	\$ 734,065	\$ 852,332	\$ 374,028	\$ 6,753	\$ 2,547,998	\$ 532,299	\$ 3,080,297		

The Notes to Financial Statements are an integral part of this statement.

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Notes to Financial Statements

June 30, 2016

Note 1 - Summary of Significant Accounting Policies

Nature of Activities - Bridgeview Community Mental Health Center (Center) provides comprehensive, caring, quality mental health services to individuals in Clinton County, Iowa and surrounding areas. As such, the Center is subject to the business risk associated with that industry in the Clinton County, Iowa area.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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.

Date of Management's Review - Subsequent events were evaluated through October 11, 2016, which is the date the financial statements were available to be issued.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, Medicaid/Medicare, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Fixed Assets - Fixed assets acquired by Bridgeview Community Mental Health Center through restricted grant contributions are considered to be owned by Bridgeview Community Mental Health Center. Some funding sources may have a reversionary interest in the property as well as the determination of use of any proceeds from the sale of these assets.

Bridgeview Community Mental Health Center follows the practice of capitalizing all expenditures for property, furniture, fixtures and office equipment in excess of \$1,000. Depreciation or amortization of all such items is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

Furniture and equipment	5-7 years
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BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Notes to Financial Statements

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. Bridgeview Community Mental Health Center had no temporarily or permanently restricted net assets in 2016.

Service Revenues – Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimate retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future period as final settlements are determined.

Income Taxes - The Center is exempt from income taxes as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code and under state income tax code.

The Organization's federal income tax returns for 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Compensated Absences – The Center employees accumulate a limited amount of earned but unused vacation and personal day benefits payable to the employee. Amounts representing the cost of compensated absences are recorded as liabilities and have been computed based on current rates of pay.

Contributed Services - During the year ended June 30, 2016 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. No fund-raising expenses are included in general and administrative expenses.

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Notes to Financial Statements

June 30, 2016

Note 2 - Property and Equipment

Fixed Assets are summarized as follows:

	<u>2016</u>
Office equipment	\$ 195,082
Vehicles	<u>28,842</u>
Accumulated Depreciation	<u>(190,314)</u>
	<u>\$ 33,610</u>

Note 3 – Accounts Receivable

Accounts receivable of the Center on June 30, 2016 totaled \$517,133. Based on past collection experience, management has provided for an allowance for adjustments and doubtful accounts of \$237,583.

Note 4 – Revenue

Approximately 63 percent of 2016 revenue was derived under federal and state third-party fee for service and reimbursement programs. These revenues are based in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. Laws and regulations governing these programs are extremely complex and subject to interpretation. As a result there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 5 – Economic Dependence

The Center receives a substantial amount of its support from state medicare and Medicaid programs. A significant reduction in the level of this support, if this were to occur, may have an effect on the Center's programs and activities. A large portion of the Center's revenue from patient fees are paid by third-party reimbursement whereby patients qualify for funding through title XIX of the Federal Social Security Act. Changes in the level of funding for this program could have a considerable effect on the patients' ability to pay for services provided.

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Notes to Financial Statements

June 30, 2016

Note 6 – Leases

As of June 30, 2016, the Center had entered into various noncancelable operating lease agreements for the rental of office and residential facilities, expiring from September 2016 to June 2021. Minimum rentals, on an annual basis, are as follows:

Fiscal year ending June 30, 2017	\$	72,605
2018		72,605
2019		72,605
2020		72,605
2021		72,605
After		-
		<u>\$ 363,025</u>

Note 7 – Retirement Plan

The Center has a defined contribution 401(k) retirement plan for substantially all full time employees. The employer match contribution to the plan equals 100% of the first 3% of gross pay that an employee contributes to the plan and 50% of the employees next 2% of gross pay that an employee contribute to the plan. The amount included in the expenses for the year ended June 30, 2016 is approximately \$59,347.



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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

Board of Directors
Bridgeview Community Mental Health Center
Clinton, Iowa

We have audited, in accordance with the 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 Bridgeview Community Mental Health Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 12, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bridgeview Community 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 Bridgeview Community Mental Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridgeview Community Mental Health Center'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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 12, 2016
Bettendorf, Iowa


SITRICK & ASSOCIATES, LLC
Certified Public Accountants

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Schedule Findings

June 30, 2016

Summary of Auditor's Results

1. The auditor's report expressed an unmodified opinion on the financial statements of Bridgeview Community Mental Health Center.



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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
Bridgeview Community Mental Health Center

We have audited the financial statements of Bridgeview Community Mental Health Center as of and for the year ended June 30, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of income and expenses by department is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sitrick & Associates
SITRICK & ASSOCIATES, LLC
Certified Public Accountants

October 12, 2016
Bettendorf, Iowa

BRIDGEVIEW COMMUNITY MENTAL HEALTH CENTER

Schedule of Income and Expenses by Department
For the Year Ended June 30, 2016

	Independent Living	School SAT	School Contracts	Clinical	Medical
Revenue:					
County	\$ 33,360	\$ -	\$ -	\$ 28,786	\$ 13,325
Habitation	21,663	-	-	-	-
Medicare	-	-	-	289,091	385,745
Medicaid	320,461	292,600	-	834,945	720,422
Integrated Health Hon	-	-	-	-	-
Private Insurance	-	130,550	-	529,170	294,896
Self Pay	2,620	5,163	-	4,654	3,824
Less Adjustments	(33,052)	(134,163)	-	(468,418)	(767,319)
Grants, Contracts, Fees	10,848	-	23,846	59,824	105,827
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total Revenue & Support	<u>355,900</u>	<u>294,150</u>	<u>23,846</u>	<u>1,278,052</u>	<u>756,720</u>
Expenses:					
Salaries and Wages	\$ 222,830	\$ 132,506	\$ 10,024	\$ 492,994	\$ 436,830
Payroll Taxes	17,822	11,298	834	39,138	27,194
Employee Benefits	44,217	28,461	1,585	78,675	51,600
Insurance	1,914	1,309	70	5,056	5,136
Advertising	2,133	2,096	109	8,308	6,451
Staff Development	140	1,098	4	3,714	22,258
Meetings	292	130	7	483	306
Dues, Fees, Licenses	1,241	586	25	3,315	4,496
Rent, Utilities, Phone	30,027	4,348	13	28,855	18,711
Supplies	12,341	2,353	123	15,097	8,826
Professional Services	22,343	14,338	174	54,942	266,864
Equipment	878	856	20	3,475	3,660
Mileage	10,582	1,688	5	13	-
Depreciation	-	-	-	-	-
Total Expenses	<u>366,760</u>	<u>201,067</u>	<u>12,993</u>	<u>734,065</u>	<u>852,332</u>
Net Revenue	<u>\$ (10,860)</u>	<u>\$ 93,083</u>	<u>\$ 10,853</u>	<u>\$ 543,987</u>	<u>\$ (95,612)</u>

Integrated Health Homes	Alverno	General & Administrative	Total
\$ -	\$ -	\$ -	\$ 75,471
-	-	-	21,663
-	29,075	-	703,911
-	0	-	2,168,428
491,237	-	-	491,237
-	669	-	955,285
-	-	-	16,261
(10,655)	(14,165)	(4,695)	(1,432,467)
1,150	-	11,274	212,769
-	-	18,200	18,200
-	-	21,486	21,486
<u>481,732</u>	<u>15,579</u>	<u>46,265</u>	<u>3,252,244</u>

\$ 250,120	\$ 4,883	\$ 344,400	\$ 1,894,587
20,807	398	28,848	146,339
58,665	843	78,016	342,062
2,078	39	1,453	17,055
2,618	64	913	22,692
505	-	253	27,972
284	4	924	2,430
671	15	759	11,108
20,439	7	32,811	135,211
4,799	32	11,441	55,012
9,015	458	13,691	381,825
682	10	4,830	14,411
3,345	-	320	15,953
-	-	13,640	13,640
<u>374,028</u>	<u>6,753</u>	<u>532,299</u>	<u>3,080,297</u>

\$ 107,704 \$ 8,826 \$ (486,034) \$ 171,947