

**MENTAL HEALTH AMERICA OF EASTERN MISSOURI
(A NONPROFIT ASSOCIATION)**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

Mental Health America of Eastern Missouri

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Independent Auditors' Report

Board of Directors
Mental Health America of Eastern Missouri
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of Mental Health America of Eastern Missouri (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health America of Eastern Missouri as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mental Health America of Eastern Missouri and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health America of Eastern Missouri's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mental Health America of Eastern Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health America of Eastern Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Schmersahl Treloar & Co.

St. Louis, Missouri
June 20, 2024

FINANCIAL STATEMENTS

Mental Health America of Eastern Missouri
STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31,	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 224,240	\$ 1,070,086
Restricted cash	484,407	506,966
Accounts receivable	62,585	-
Contributions receivable	55,511	61,386
Prepaid expenses	49,714	41,309
Total Current Assets	876,457	1,679,747
INVESTMENTS	584,331	518,587
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	481,391	443,380
PROPERTY AND EQUIPMENT, NET	396,019	436,578
OPERATING LEASE RIGHT-OF-USE ASSET	672,101	782,364
TOTAL ASSETS	\$ 3,010,299	\$ 3,860,656
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 57,472	\$ 60,056
Accrued expenses	52,686	37,263
Current portion of operating lease liability	107,284	100,844
Custodial funds	484,407	506,966
Deferred income	3,829	3,000
Total Current Liabilities	705,678	708,129
LONG TERM LIABILITIES		
Long term operating lease liability	581,800	689,054
Total Liabilities	1,287,478	1,397,183
NET ASSETS		
Without donor restrictions		
Undesignated	1,226,430	1,953,657
With donor restrictions		
Perpetual in nature	481,391	443,380
Purpose restrictions	15,000	5,050
Time-restricted for future periods	-	61,386
Total Net Assets With Donor Restrictions	496,391	509,816
Total Net Assets	1,722,821	2,463,473
TOTAL LIABILITIES AND NET ASSETS	\$ 3,010,299	\$ 3,860,656

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Representative Payee Fees:			
Amounts received on behalf of others	\$ 2,025,508	\$ -	\$ 2,025,508
Less: Amounts remitted to or held on behalf of others	(1,930,967)	-	(1,930,967)
Net Representative Payee Fees	<u>94,541</u>	<u>-</u>	<u>94,541</u>
Public Support			
Trusts	13,617	-	13,617
Non-government funds	114,673	15,000	129,673
Special events, net of direct expenses of \$119,730	123,084	-	123,084
Contributions	42,761	-	42,761
Contributions of non-financial assets	20,732	-	20,732
Government grants	51,840	-	51,840
Program fees	<u>100,979</u>	<u>-</u>	<u>100,979</u>
Total Public Support	<u>467,686</u>	<u>15,000</u>	<u>482,686</u>
Other Revenue			
Change in beneficial interest in perpetual trusts	-	38,011	38,011
Investment return	57,564	-	57,564
Miscellaneous	396	-	396
Loss on disposal of fixed assets	-	-	-
Net assets released from restrictions	<u>66,436</u>	<u>(66,436)</u>	<u>-</u>
Total Other Revenue	<u>124,396</u>	<u>(28,425)</u>	<u>95,971</u>
Total Public Support and Revenue	<u>686,623</u>	<u>(13,425)</u>	<u>673,198</u>
EXPENSES			
Program Services	811,586	-	811,586
Management and general	241,480	-	241,480
Fundraising	<u>360,784</u>	<u>-</u>	<u>360,784</u>
Total Expenses	<u>1,413,850</u>	<u>-</u>	<u>1,413,850</u>
CHANGE IN NET ASSETS	<u>(727,227)</u>	<u>(13,425)</u>	<u>(740,652)</u>
NET ASSETS, Beginning of year	<u>1,953,657</u>	<u>509,816</u>	<u>2,463,473</u>
NET ASSETS, End of year	<u>\$ 1,226,430</u>	<u>\$ 496,391</u>	<u>\$ 1,722,821</u>

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Representative Payee Fees:			
Amounts received on behalf of others	\$ 1,984,214	\$ -	\$ 1,984,214
Less: Amounts remitted to or held on behalf of others	(1,893,718)	-	(1,893,718)
Net Representative Payee Fees	<u>90,496</u>	<u>-</u>	<u>90,496</u>
Public Support			
Trusts	125,368	-	125,368
Non-government funds	259,970	45,000	304,970
Special events, net of direct expenses of \$97,569	98,561	-	98,561
Contributions	43,487	-	43,487
Contributions of non-financial assets	40,829	-	40,829
Government grants	98,301	21,436	119,737
Program fees	66,855	-	66,855
Total Public Support	<u>733,371</u>	<u>66,436</u>	<u>799,807</u>
Revenue			
Change in beneficial interest in perpetual trusts	-	(93,069)	(93,069)
Investment return	(75,259)	-	(75,259)
Miscellaneous	2,088	-	2,088
Loss on disposal of fixed assets	(4,374)	-	(4,374)
Net assets released from restrictions	81,697	(81,697)	-
Total Revenue	<u>4,152</u>	<u>(174,766)</u>	<u>(170,614)</u>
Total Public Support and Revenue	<u>828,019</u>	<u>(108,330)</u>	<u>719,689</u>
EXPENSES			
Program Services	1,023,545	-	1,023,545
Management and general	238,420	-	238,420
Fundraising	120,527	-	120,527
Total Expenses	<u>1,382,492</u>	<u>-</u>	<u>1,382,492</u>
CHANGE IN NET ASSETS	(554,473)	(108,330)	(662,803)
NET ASSETS, Beginning of year	<u>2,508,130</u>	<u>618,146</u>	<u>3,126,276</u>
NET ASSETS, End of year	<u>\$ 1,953,657</u>	<u>\$ 509,816</u>	<u>\$ 2,463,473</u>

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Services	Management and General	Fund- Raising	Direct Benefits to Donors	Total
EXPENSES					
Salaries	\$ 424,227	\$ 91,445	\$ 209,937	\$ -	\$ 725,609
Employee benefits	37,494	8,071	18,592	-	64,157
Payroll taxes	31,808	11,271	15,775	-	58,854
Total Salaries and Related Expenses	493,529	110,787	244,304	-	848,620
Consultant fees	114,269	75,460	81,000	-	270,729
Occupancy	118,341	13,378	340	-	132,059
Special events - fundraising	-	-	-	119,730	119,730
Depreciation	27,228	19,716	-	-	46,944
Miscellaneous	24,343	4,804	2,370	-	31,517
Supplies	4,625	5,281	18,076	-	27,982
Insurance	10,629	2,289	5,271	-	18,189
Telephone	9,061	1,241	2,110	-	12,412
Advertising	3,409	4,167	150	-	7,726
Printing	600	131	4,812	-	5,543
Travel	2,780	-	-	-	2,780
Postage	1,542	257	771	-	2,570
Equipment rental and repairs	-	2,429	-	-	2,429
Bad debt expense	710	-	1,580	-	2,290
Dues	-	1,540	-	-	1,540
Meetings and conferences	520	-	-	-	520
Interest Expense	-	-	-	-	-
Total Expenses	811,586	241,480	360,784	119,730	1,533,580
Less: Cost of Direct Benefit to Donors	-	-	-	(119,730)	(119,730)
TOTAL EXPENSES	811,586	241,480	360,784	-	1,413,850
STATEMENT OF ACTIVITIES	\$ 811,586	\$ 241,480	\$ 360,784	\$ -	\$ 1,413,850

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

EXPENSES	Program Services	Management and General	Fund- Raising	Direct Benefits to Donors	Total
Salaries	\$ 499,878	\$ 71,411	\$ 77,903	\$ -	\$ 649,192
Employee benefits	52,171	7,453	8,131	-	67,755
Payroll taxes	<u>37,459</u>	<u>5,351</u>	<u>5,838</u>	-	<u>48,648</u>
 Total Salaries and Related Expenses	 589,508	 84,215	 91,872	 -	 765,595
Consultant fees	274,131	108,383	9,958	-	392,472
Occupancy	85,599	17,675	-	-	103,274
Special events - fundraising	-	-	-	97,569	97,569
Depreciation	13,561	4,051	-	-	17,612
Miscellaneous	24,980	8,097	7,448	-	40,525
Supplies	8,182	2,652	2,440	-	13,274
Insurance	9,194	2,981	2,742	-	14,917
Telephone	6,472	925	1,009	-	8,406
Advertising	5,773	1,401	-	-	7,174
Printing	-	328	3,614	-	3,942
Travel	3,022	2,074	63	-	5,159
Postage	16	3,169	982	-	4,167
Equipment rental and repairs	2,925	-	-	-	2,925
Bad debt expense	-	-	-	-	-
Dues	70	2,046	399	-	2,515
Meetings and conferences	112	-	-	-	112
Interest Expense	<u>-</u>	<u>423</u>	<u>-</u>	<u>-</u>	<u>423</u>
 Total Expenses	 <u>1,023,545</u>	 <u>238,420</u>	 <u>120,527</u>	 <u>97,569</u>	 <u>1,480,061</u>
 Less: Cost of Direct Benefit to Donors	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(97,569)</u>	 <u>(97,569)</u>
 TOTAL EXPENSES					
STATEMENT OF ACTIVITIES	<u>\$ 1,023,545</u>	<u>\$ 238,420</u>	<u>\$ 120,527</u>	<u>\$ -</u>	<u>\$ 1,382,492</u>

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 740,652)	(\$ 662,803)
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	46,944	17,612
Change in beneficial interest in perpetual trusts	(38,011)	93,069
Loss on disposal of fixed assets	-	4,374
Bad debt expense	2,290	-
Reduction in carrying amount of Operating lease right-of-use asset	110,263	47,011
Net realized and unrealized (gains) losses on investments	(31,258)	92,246
Donated securities	(10,370)	-
Proceeds from sales of donated securities	10,370	-
(Increase) decrease in assets:		
Accounts receivable	(64,875)	-
Contributions receivable	5,875	9,829
Prepaid expenses	(8,405)	(29,606)
Increase (decrease) in liabilities:		
Accounts payable	(2,584)	35,710
Accrued expenses	15,423	(10,562)
Operating lease liability	(100,814)	(39,477)
Deferred income	829	791
Custodial funds	(22,559)	111,401
Net Change in Cash and Cash Equivalents from Operating Activities	<u>(827,534)</u>	<u>(330,405)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,385)	(449,186)
Proceeds from sale of investments	365,109	103,987
Purchases of investments	<u>(399,595)</u>	<u>(124,137)</u>
Net Change in Cash and Cash Equivalents from Investing Activities	<u>(40,871)</u>	<u>(469,336)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(868,405)	(799,741)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, Beginning of year	<u>1,577,052</u>	<u>2,376,793</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, End of year	<u>\$ 708,647</u>	<u>\$ 1,577,052</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Operating lease right-of-use asset obtained in exchange for operating lease liability upon adoption of ASC 842	<u>\$ -</u>	<u>\$ 829,375</u>

See accompanying notes to financial statements

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Mental Health America of Eastern Missouri (the “Association”) was founded in 1945 as the St. Louis Mental Hygiene Society. The Association is a member of Mental Health America, a national Association. The mission of the Association is to promote mental health, prevent mental disorders and achieve victory over mental illness through advocacy, education, and service.

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Change in Accounting Principle

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses.

The Association adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets with Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents

The Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Association maintains cash deposits in bank accounts which at times may exceed the federally insured limits. Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) of up to \$250,000 at each financial institution. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

During 2023 and 2022, for cash flow reporting purposes, restricted cash is included with cash and cash equivalents and no cash payments relating to interest or income tax were made.

Accounts Receivable

Accounts receivable consist of fees charged for services provided by the Association for the Student Wellness Program and other community education, of which the Association has an unconditional right to receive. At December 31, 2023, accounts receivable balances are \$62,585. There were no accounts receivable balances at December 31, 2022 and December 31, 2021.

Accounts receivable are carried net of allowance for credit losses. The allowance for credit losses is increased by provisions charged to expense and reduced by uncollected receivables, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. There was no allowance on accounts receivable at December 31, 2023 and 2022.

Revenue Recognition

Contributions and Grants

All donations are considered to be available for general use unless specifically restricted by the donor. The Association reports gifts of cash, grants, and other assets as support with donor restrictions 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 a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the net assets with donor restrictions class for restrictions expiring during the year and transferred to the without donor restriction class as releases from restriction.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Recognition (Continued)

Program Revenue

Program revenue is derived from services provided by the Association for the Student Wellness Program, Representative Payee Program, PEACE Clinical Program, and other community education. Revenues are earned when the services are provided.

Special Event Revenue

The portion of ticket sales and sponsorship revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

Contributions of Nonfinancial Assets

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The Association also receives donated services from other contributors and volunteers that are not measurable, and therefore, are not included in the financial statements.

Financial Instruments

The following methods and assumptions were used by the Association in estimating its fair value disclosure for financial instruments.

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, contributions receivable, prepaid expenses, accounts payable, accrued expenses, deferred income and custodial funds approximate fair values due to the short-term maturities of these instruments.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets in the Statements of Financial Position. Net investment return is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Concentration of Credit Risk

The Association generates receivables and revenues from grant agencies and from programs in the normal course of business. These grant agencies and programs are located throughout the St. Louis metropolitan area. The Association does not require collateral to secure receivables from these agencies and programs.

Property and Equipment

Purchased furniture, fixtures, equipment, software, and leasehold improvements are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which are seven years for furniture, fixtures and equipment, three years for software, and fifteen years for the leasehold improvements. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized.

Beneficial Interests in Third Party Trusts

The Association is a beneficiary of two trusts in which the donors have established the perpetual trust administered by trustees. The Association has the irrevocable right to receive the income earned on the trust assets in perpetuity owning 2.94% and 2.00% interest in the income derived from the respective trust operations. The amounts recorded in the statement of financial position represents the estimated fair value of the underlying trusts' assets.

Leases

The Association determines if an arrangement is or contains a lease at inception. Leases are included in the right-of-use (ROU) assets and lease liabilities on the Statement of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Variable lease costs are not included in the calculation. Operating lease expense is recognized on a straight-line basis over the lease term. The Association does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the lease term. The Association does not have any financing leases as of December 31, 2023.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes

The Association qualifies as a nonprofit Association and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association does not have unrelated business income, excise taxes, or activities that would threaten its tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. The Association files an information return, IRS Form 990.

The Association's tax returns for tax years 2020 and later remain subject to examination by taxing authorities.

The Association adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax provisions of the Association related to the tax filings.

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. Actual results could differ from these estimates.

Functional Expense Allocation

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of the Association. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Due to the nature of the activities of the various programs and supporting services, the Association allocates these expenses based on the employees' time and effort and also on a square footage basis.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 20, 2024, the date the financial statements were available to be issued.

Reclassification

Certain December 31, 2022 amounts have been reclassified to conform to December 31, 2023 financial statements presentation.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

B. INVESTMENTS

Cost, fair values, and unrealized appreciation (depreciation) at December 31, 2023 and 2022, are summarized as follows:

	December 31, 2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 5,760	\$ 5,760	\$ -
Equities	184,436	203,739	19,303
Preferred depository shares	229,933	207,978	(21,955)
Fixed Income ETF & CDs	171,508	166,854	(4,654)
Total	\$591,637	\$584,331	(\$ 7,306)

	December 31, 2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 10,358	\$ 10,358	\$ -
Equities	181,016	194,115	13,099
Preferred depository shares	229,933	184,360	(45,573)
Fixed Income ETF & CDs	134,565	129,754	(4,811)
Total	\$555,872	\$518,587	(\$37,285)

Interest and dividends and gains or losses included in Investment return in the Statements of Activities consist of the following at December 31:

	2023	2022
Net realized and unrealized gain (loss) on investments	\$31,258	(\$92,246)
Interest and dividend income	26,306	16,987
Investment Return	\$57,564	(\$75,259)

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

C. FAIR VALUE MEASUREMENTS

The Association has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities including investments in certain hedge funds, commodities, managed futures, private equity, and real estate strategies.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values of assets measured on a recurring basis are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2023</u>				
Cash & Cash Equivalents	\$ 5,760	\$ 5,760	\$ -	\$ -
Equities	203,739	203,739	-	-
Preferred depository shares	207,978	-	207,978	-
Fixed Income ETF & CDs	166,854	-	166,854	-
Total	<u>\$584,331</u>	<u>\$209,499</u>	<u>\$374,832</u>	<u>\$ -</u>
Beneficial Interests in Perpetual Trusts	<u>\$481,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$481,391</u>

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

C. **FAIR VALUE MEASUREMENTS** (Continued)

	<u>Fair Value Measurements at Reporting Date Using</u>			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2022</u>				
Cash & Cash Equivalents	\$ 10,358	\$ 10,358	\$ -	\$ -
Equities	194,115	194,115	-	-
Preferred depository shares	184,360	-	184,360	-
Fixed Income ETF & CDs	129,754	-	129,754	-
Total	<u>\$518,587</u>	<u>\$204,473</u>	<u>\$314,114</u>	<u>\$ -</u>
Beneficial Interests in Perpetual Trusts	<u>\$443,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$443,380</u>

The values of the underlying assets within the Association's beneficial interest in perpetual trusts are determined by the benefactors' investment managers, who have derived these values from available information in actively traded markets. However, the Association does not have access to any existing markets in which its beneficial interest could be bought or sold. As a result, management has classified its interest in beneficial trusts as Level 3, subject to unobservable inputs, for purposes of fair value disclosure.

D. **BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

As of December 31, 2023 and 2022, the Association has a beneficial interest in perpetual trusts of \$481,391 and \$443,380 respectively. The trusts are maintained by outside fiscal agents and are not under the control of the Association. The Association's interest in the market value of the assets is recorded as net assets with donor restrictions since the trusts were created to continue in perpetuity.

The underlying investments in these trusts are comprised of marketable equity securities, fixed income, hedge funds, real estate, tangible assets, and temporary cash investments. Per donor's restrictions, the distributions received from the trusts shall be used for general operations, thus all income received has been recorded as contributions without donor restrictions.

For the years ended December 31, 2023 and 2022, the Association received income distributions of \$13,617 and \$13,064, respectively.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

E. PROPERTY AND EQUIPMENT

The components of the Association's property and equipment as of December 31st consist of the following:

	2023	2022
Furniture, fixtures, and equipment	\$311,261	\$304,876
Leasehold Improvements	276,760	276,760
Software	78,708	78,708
	666,729	660,344
Less: accumulated depreciation	(270,710)	(223,766)
Total Property and Equipment, Net	\$396,019	\$436,578

Depreciation expense for the years ended December 31, 2023, and 2022, was \$46,944 and \$17,612, respectively.

During the year ended December 31, 2022, significant leasehold improvements were completed and placed in service late in October.

F. RESTRICTED CASH

Restricted cash of \$484,407 and \$506,966 at December 31, 2023 and 2022 consists of custodial funds used for the Representative Payee Program which consist of the social security funds of assigned clients and are not used in the Association's program.

G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31,	
	2023	2022
Subject to expenditure for a specific purpose		
Baer Foundation Grant	\$ -	\$ 5,050
Schmidt Family Fund of Community Foundation	15,000	-
	15,000	5,050
Subject to passage of time for periods		
After December 31,	-	61,386
Not subject to spending policy or appropriation		
Beneficial Interest in Perpetual Trust	481,391	443,380
Total Net Assets with Donor Restrictions	\$496,391	\$509,816

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the funds are utilized for the restricted purpose.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

H. NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31:

	2023	2022
Purpose restrictions accomplished		
STL County Children’s Services	\$ -	\$36,697
Baer Foundation	5,050	45,000
	5,050	81,697
Time restrictions expired		
Passage of time	61,386	-
	61,386	-
Total Net Assets Released from Restrictions	\$66,436	\$81,697

I. EMPLOYEE BENEFIT PLAN

The Association has a Simple IRA deferral plan which covers all employees from the start of their employment or the start of the plan, whichever is later. Each employee may elect to contribute up to 100%, not to exceed the limit set by the Internal Revenue Code, of annual compensation into the Plan. The Association makes contributions equal to 2% of an employee’s gross salary. The Association’s expense amounted to \$14,074 and \$11,350 in 2023 and 2022, respectively.

J. CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Association receives contributions of donated services, facilities, and supplies. Contributed goods and services are valued based on current rates for similar goods and services. Contributions of nonfinancial assets were received for the following for the year ended December 31:

	2023	2022
Occupancy	\$ -	\$14,839
Consultant fees	3,000	20,000
Supplies	17,732	5,990
	17,732	5,990
Total Contributions of Nonfinancial Assets	\$20,732	\$40,829

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

K. OPERATING LEASES

During the year ended December 31, 2022, the Association secured a new office lease for general operations which commenced in August of 2022 and will continue for 85 months. The terms of this lease require base monthly payments of \$9,954 to \$11,884 through July, 2029. The operating lease right-of-use asset and operating lease liability of \$829,375 were recorded at the present value of the total lease payments remaining on the lease as of August 4, 2022, the beginning of the lease. The lease was discounted at 2.7%, which is the Association's estimated risk-free rate at the beginning of the lease.

The following summarizes the line items in the statement of financial position related to operating leases as of December 31:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use asset	\$ <u>672,101</u>	\$ <u>782,364</u>
Current portion of lease liability	\$107,284	\$100,844
Operating lease liability	<u>581,800</u>	<u>689,054</u>
Total operating lease liability	<u>\$689,084</u>	<u>\$789,898</u>

Future minimum rental payments under these operating leases are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2024	\$124,580
2025	128,324
2026	132,161
2027	136,132
2028	140,208
2029	<u>83,188</u>
Less present value discount (55,509)	
Operating lease liability	<u>\$689,084</u>

Prior to the lease referred to above, The Association leased office space which expired in August of 2022. Per the lease agreement, the monthly expense was \$5,000 of which \$3,000 is cash and \$2,000 is considered a charitable contribution from the Lessor to the Association.

The total lease cost for these leases (included within occupancy expense) in the financial statements was \$130,361 and \$91,401 for the years ended December 31, 2023 and 2022.

Mental Health America of Eastern Missouri
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Continued)

L. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Association receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Association maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. On a monthly basis, the Association determines the number of months their current cash balance would satisfy general operating expenditures.

The Association's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	\$224,240	\$1,070,086
Accounts receivable	62,585	-
Contributions receivable	55,511	61,386
Investments	584,331	518,587
Total financial assets	926,667	1,650,059
Less amounts not available to be used within one year:		
Donor-restricted for purpose	15,000	5,050
Financial assets available to meet cash needs for		
General expenditures within one year	\$911,667	\$1,645,009

M. OPERATIONS

During the years ended December 31, 2023, and 2022, The Association has experienced significant deficits and declining cash flow. In 2024, The Association completed a three-year strategic plan which set the vision for the future. Management is aggressively working to reduce costs in occupancy and professional fees. In addition, plans are in place to increase revenue through program changes and raising awareness about the Association's work. The Association plans to continue monitoring cash and budgetary inflows and outflows and also has a reserve of investments to access while these important changes are implemented.