

**BUFFALO COUNTY COMMUNITY
HEALTH PARTNERS, INC.
KEARNEY, NEBRASKA**

FINANCIAL STATEMENTS
(Audited)

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Buffalo County Community Health Partners, Inc.
Kearney, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Buffalo County Community Health Partners, Inc., which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2020 and 2019, and the related statements of revenues, expenses and change in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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. 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 assets, liabilities and net assets of Buffalo County Community Health Partners, Inc. as of June 30, 2020 and 2019, and its revenues and expenses, and its cash flows for the years then ended, in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

KSO CPA's, P.C.

KSO CPA's, P.C.
Kearney, Nebraska
November 16, 2020

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 339,793	\$ 151,167
Total current assets	<u>\$ 339,793</u>	<u>\$ 151,167</u>
PROPERTY AND EQUIPMENT		
Property and equipment	\$ 55,743	\$ 48,098
Less accumulated depreciation	<u>(31,709)</u>	<u>(24,859)</u>
Property and equipment, net	<u>\$ 24,034</u>	<u>\$ 23,239</u>
OTHER ASSETS		
Investments - Kearney Area Community Foundation	\$ 322,959	\$ 318,796
Total other assets	<u>\$ 322,959</u>	<u>\$ 318,796</u>
 Total assets	 <u>\$ 686,786</u>	 <u>\$ 493,202</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Sales tax payable	\$ 52	\$ -
Payroll taxes and withholdings payable	1,365	1,069
Credit cards payable	16,802	6,300
Short term portion of long term debt	<u>32,242</u>	<u>-</u>
Total current liabilities	<u>\$ 50,461</u>	<u>\$ 7,369</u>
LONG TERM LIABILITIES		
SBA paycheck protection program loan	\$ 65,000	\$ -
Less: Short term portion of long term debt	<u>(32,242)</u>	<u>-</u>
Total long term liabilities	<u>\$ 32,758</u>	<u>\$ -</u>
 Total liabilities	 <u>\$ 83,219</u>	 <u>\$ 7,369</u>
NET ASSETS		
Without donor restriction	\$ 349,413	\$ 261,567
With donor restriction	<u>254,154</u>	<u>224,266</u>
 Total net assets	 <u>\$ 603,567</u>	 <u>\$ 485,833</u>
 Total liabilities and net assets	 <u>\$ 686,786</u>	 <u>\$ 493,202</u>

See notes to financial statements.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGE
IN NET ASSETS - MODIFIED CASH BASIS
For the Years Ended June 30, 2020 and 2019**

	2020		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 160,887	\$ 5,620	\$ 166,507
Grants	-	762,495	762,495
Grant administration	45,260	-	45,260
Grant consulting	256	-	256
Program income	3,168	8,919	12,087
Interest income	359	-	359
Community events	-	2,081	2,081
Miscellaneous income	1,533	14,603	16,136
Unrealized gains and (losses), net	4,163	-	4,163
Net assets released from restrictions:			
Program restrictions satisfied	<u>763,830</u>	<u>(763,830)</u>	<u>-</u>
Total revenues and other support	<u>\$ 979,456</u>	<u>\$ 29,888</u>	<u>\$ 1,009,344</u>
EXPENSES			
Program services	\$ 776,592	\$ -	\$ 776,592
Management and general	57,504	-	57,504
Fundraising	<u>57,514</u>	<u>-</u>	<u>57,514</u>
Total expenses	<u>\$ 891,610</u>	<u>\$ -</u>	<u>\$ 891,610</u>
Change in net assets	\$ 87,846	\$ 29,888	\$ 117,734
Net assets, beginning of year	<u>261,567</u>	<u>224,266</u>	<u>485,833</u>
Net assets, end of year	<u>\$ 349,413</u>	<u>\$ 254,154</u>	<u>\$ 603,567</u>

See notes to financial statements.

	2019		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 188,251	\$ -	\$ 188,251
Grants	-	540,798	540,798
Grant administration	32,898	-	32,898
Grant consulting	4,268	-	4,268
Program income	466	2,660	3,126
Interest income	427	-	427
Community events	-	5,775	5,775
Miscellaneous income	4,498	437	4,935
Unrealized gains and (losses), net	9,226	-	9,226
Net assets released from restrictions:			
Program restrictions satisfied	554,644	(554,644)	-
Total revenues and other support	\$ 794,678	\$ (4,974)	\$ 789,704
EXPENSES			
Program services	\$ 660,430	\$ -	\$ 660,430
Management and general	59,302	-	59,302
Fundraising	59,314	-	59,314
Total expenses	\$ 779,046	\$ -	\$ 779,046
Change in net assets	\$ 15,632	\$ (4,974)	\$ 10,658
Net assets, beginning of year	245,935	229,240	475,175
Net assets, end of year	\$ 261,567	\$ 224,266	\$ 485,833

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 117,734	\$ 10,658
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,850	3,757
Unrealized gain on investments, net	(4,163)	(9,226)
Increase (decrease) in sales tax payable	52	(199)
Increase (decrease) in payroll taxes and withholdings payable	296	260
Increase (decrease) in credit cards payable	<u>10,502</u>	<u>3,751</u>
 Net cash provided by operating activities	 <u>\$ 131,271</u>	 <u>\$ 9,001</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchased	\$ (7,645)	\$ (21,234)
Proceeds from sale of investments	-	8,000
Purchases of investments	<u>-</u>	<u>(119)</u>
 Net cash provided by (used in) investing activities	 <u>\$ (7,645)</u>	 <u>\$ (13,353)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA paycheck protection program loan	<u>\$ 65,000</u>	<u>\$ -</u>
 Net cash provided by financing activities	 <u>\$ 65,000</u>	 <u>\$ -</u>
 Net change in cash and cash equivalents	 <u>\$ 188,626</u>	 <u>\$ (4,352)</u>
Cash and cash equivalents, beginning of year	<u>151,167</u>	<u>155,519</u>
 Cash and cash equivalents, end of year	 <u>\$ 339,793</u>	 <u>\$ 151,167</u>

See notes to financial statements.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2020

	Program Services					
	Substance Abuse Prevention	Region III Programs	Active Living /Healthy Eating	Injury Free Prevention	Community Facilitation and Grants	Assessments
PERSONNEL COSTS						
Salaries and wages	\$ 53,427	\$ 77,734	\$ 33,486	\$ 54,959	\$ 30,601	\$ 30,601
Employee benefits	5,397	4,345	84	3,590	1,225	1,225
Payroll taxes	3,991	6,075	2,818	4,292	2,410	2,410
Total personnel costs	\$ 62,815	\$ 88,154	\$ 36,388	\$ 62,841	\$ 34,236	\$ 34,236
EXPENSES						
Professional fees	\$ -	\$ 800	\$ -	\$ -	\$ 1,831	\$ 1,831
Contracted services	12,613	1,500	(1,166)	4,400	-	-
Community development	(125)	625	-	-	135	135
Supplies	8,608	4,502	452	8,414	784	784
Travel	613	2,539	27	2,113	305	305
Program costs	19,178	35,285	(445)	141,118	456	456
Printing	1,990	1,332	583	2,520	(75)	(75)
Advertising and marketing	2,594	16,759	325	1,198	551	551
Computer services	1,436	1,146	413	-	165	165
Postage	-	-	-	-	1,038	1,038
Telephone	750	1,150	-	-	788	788
Insurance	243	244	244	244	890	889
Rent	950	-	1,450	900	9,509	9,509
Depreciation	-	-	-	-	1,713	1,713
Meals	-	-	-	-	196	196
Dues and subscriptions	1,245	-	-	198	823	823
In kind volunteer time	8,307	-	6,158	18,668	1,681	1,681
Partner grant awards	-	-	-	-	2,421	2,421
Miscellaneous	300	51	12	1,581	71	71
Total expenses	\$ 58,702	\$ 65,933	\$ 8,053	\$ 181,354	\$ 23,282	\$ 23,281
Total personnel costs and expenses	\$ 121,517	\$ 154,087	\$ 44,441	\$ 244,195	\$ 57,518	\$ 57,517

See notes to financial statements.

Community Well Being	Total Program Services	Supporting Activities			Total Expenses
		Fundraising	Management and General	Total Supporting Activities	
\$ 13,601	\$ 294,409	\$ 30,600	\$ 30,600	\$ 61,200	\$ 355,609
814	16,680	1,225	1,225	2,450	19,130
1,046	23,042	2,410	2,410	4,820	27,862
<u>\$ 15,461</u>	<u>\$ 334,131</u>	<u>\$ 34,235</u>	<u>\$ 34,235</u>	<u>\$ 68,470</u>	<u>\$ 402,601</u>
\$ -	\$ 4,462	\$ 1,831	\$ 1,830	\$ 3,661	\$ 8,123
1,271	18,618	-	-	-	18,618
-	770	135	133	268	1,038
181	23,725	784	784	1,568	25,293
-	5,902	305	303	608	6,510
79,803	275,851	455	454	909	276,760
-	6,275	(75)	(76)	(151)	6,124
542	22,520	551	551	1,102	23,622
-	3,325	165	164	329	3,654
-	2,076	1,038	1,038	2,076	4,152
-	3,476	788	786	1,574	5,050
-	2,754	889	889	1,778	4,532
-	22,318	9,509	9,509	19,018	41,336
-	3,426	1,712	1,712	3,424	6,850
-	392	196	196	392	784
-	3,089	823	823	1,646	4,735
-	36,495	1,681	1,681	3,362	39,857
-	4,842	2,421	2,421	4,842	9,684
59	2,145	71	71	142	2,287
<u>\$ 81,856</u>	<u>\$ 442,461</u>	<u>\$ 23,279</u>	<u>\$ 23,269</u>	<u>\$ 46,548</u>	<u>\$ 489,009</u>
<u>\$ 97,317</u>	<u>\$ 776,592</u>	<u>\$ 57,514</u>	<u>\$ 57,504</u>	<u>\$ 115,018</u>	<u>\$ 891,610</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2019

	Program Services					
	Substance Abuse Prevention	Region III Programs	Active Living /Healthy Eating	Injury Free Prevention	Community Facilitation and Grants	Assessments
PERSONNEL COSTS						
Salaries and wages	\$ 55,600	\$ 54,614	\$ 24,809	\$ 57,669	\$ 33,613	\$ 33,613
Employee benefits	4,279	4,120	100	5,091	2,644	2,644
Payroll taxes	4,115	4,214	2,104	4,636	2,523	2,523
Total personnel costs	\$ 63,994	\$ 62,948	\$ 27,013	\$ 67,396	\$ 38,780	\$ 38,780
EXPENSES						
Professional fees	\$ -	\$ 800	\$ -	\$ -	\$ 1,775	\$ 1,774
Contracted services	30,427	1,000	-	6,450	-	-
Community development	3,181	3,552	-	9,836	75	75
Supplies	6,069	4,298	1,552	5,157	1,508	1,508
Travel	6,358	611	182	1,212	(102)	(102)
Program costs	24,082	8,121	5,534	118,587	468	468
Printing	1,423	801	360	1,265	249	249
Advertising and marketing	6,411	10,226	525	4,306	521	521
Computer services	1,630	1,255	448	94	166	166
Postage	-	-	-	-	711	711
Telephone	592	908	-	100	163	163
Insurance	322	322	322	322	826	826
Rent	1,914	-	3,750	4,600	9,372	9,372
Depreciation	-	-	-	-	939	939
Meals	-	-	-	150	340	340
Dues and subscriptions	460	-	-	-	846	846
In kind volunteer time	11,234	-	11,708	16,888	1,976	1,975
Partner grant awards	-	-	-	-	-	-
Miscellaneous	-	636	-	468	703	703
Total expenses	\$ 94,103	\$ 32,530	\$ 24,381	\$ 169,435	\$ 20,536	\$ 20,534
Total personnel costs and expenses	\$ 158,097	\$ 95,478	\$ 51,394	\$ 236,831	\$ 59,316	\$ 59,314

See notes to financial statements.

Community Well Being	Supporting Activities				
	Total Program Services	Fundraising	Management and General	Total Supporting Activities	Total Expenses
\$ -	\$ 259,918	\$ 33,613	\$ 33,613	\$ 67,226	\$ 327,144
-	18,878	2,644	2,644	5,288	24,166
-	20,115	2,523	2,523	5,046	25,161
\$ -	\$ 298,911	\$ 38,780	\$ 38,780	\$ 77,560	\$ 376,471
\$ -	\$ 4,349	\$ 1,774	\$ 1,774	\$ 3,548	\$ 7,897
-	37,877	-	-	-	37,877
-	16,719	75	74	149	16,868
-	20,092	1,508	1,507	3,015	23,107
-	8,159	(102)	(100)	(202)	7,957
-	157,260	468	469	937	158,197
-	4,347	249	248	497	4,844
-	22,510	521	522	1,043	23,553
-	3,759	166	164	330	4,089
-	1,422	711	709	1,420	2,842
-	1,926	163	161	324	2,250
-	2,940	826	825	1,651	4,591
-	29,008	9,372	9,370	18,742	47,750
-	1,878	939	940	1,879	3,757
-	830	340	338	678	1,508
-	2,152	846	844	1,690	3,842
-	43,781	1,975	1,975	3,950	47,731
-	-	-	-	-	-
-	2,510	703	702	1,405	3,915
\$ -	\$ 361,519	\$ 20,534	\$ 20,522	\$ 41,056	\$ 402,575
\$ -	\$ 660,430	\$ 59,314	\$ 59,302	\$ 118,616	\$ 779,046

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

Note 1. **Summary of Significant Accounting Policies**

Nature of Activities

The Buffalo County Community Health Partners, Inc. (BCCHP) was incorporated on November 5, 1999, in the State of Nebraska. BCCHP was formed to assess, promote, and strengthen the health of Buffalo County, Nebraska.

BCCHP's major sources of income are grants received from state and federal funding. Its secondary funding source is the general public through donations.

Method of Accounting

BCCHP's policy is to prepare financial statements on the modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred. In addition, fixed assets are recorded and payroll liabilities are recognized.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205. Under ASC 958.205, BCCHP is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, BCCHP considers all cash and other highly liquid investments with initial maturities of 3 months or less to be cash equivalents.

Investments

Investments are stated at fair market value if it is readily determinable. Certificates of deposit are reflected at their face value. Mutual funds are stated at quoted market price. Unrealized gains or losses are included in the change in net assets. Investments are unsecured.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

Note 1. **Summary of Significant Accounting Policies (continued)**

Equipment

Equipment is stated at cost for those assets purchased with BCCHP's funds. Major expenditures over \$1,000, and those which substantially increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are charged to operations when incurred. Depreciation is computed using estimated useful lives ranging from 5 to 7 years.

Donated Materials and Services

Contributed materials and services represent the estimated fair value of materials and general corporate services provided. Contributed materials and services amounted to \$45,638 in 2020 and \$55,573 in 2019. Contributed materials and services represent the estimated value of materials and general corporate services provided. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services either (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation.

Advertising

BCCHP expenses advertising as incurred. Advertising expense was \$23,622 and \$23,553 for the years ended June 30, 2020 and 2019, respectively.

Revenue and Support With and Without Donor Restrictions

BCCHP follows the recommendations of the Financial Accounting Standards Board in its ASC 958.605. In accordance with this guidance, contributions and grants received are recorded as with or without restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Revenues, Expenses and Changes in Net Assets as net assets released from restriction.

Income Taxes

BCCHP is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

Note 1. **Summary of Significant Accounting Policies (continued)**

Functional and Natural Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Revenues, Expenses and Changes in Net Assets. In addition, these costs have been reported by nature and function in the Statements of Functional Expenses. Accordingly, certain costs have been allocated directly to the programs and support services benefited.

Change in Accounting Principle

In August 2016, FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice and provides guidance on these issues. The requirements of this statement are effective for the Organization for the year ending June 30, 2020.

In November 2016, FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amount generally described as restricted cash or restricted cash equivalents. The requirements of this statement are effective for the Organization for the year ending June 30, 2020.

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. The requirements of this statement are effective for the Organization for the year ending June 30, 2020.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

Note 1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The requirements of this statement are effective for BCCHP for the year ending June 30, 2021. BCCHP has not evaluated the impact of this statement.

In February 2016, FASB issued ASU 2016-02, Leases. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. The requirements of this statement are effective for BCCHP for the year ending June 30, 2023. BCCHP has not evaluated the impact of this statement.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Concentration of Credit Risk

BCCHP maintains cash balances at one financial institution. All accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020, BCCHP had total cash balances of \$370,993, of which \$120,993 was not covered by FDIC insurance.

Note 3. Investments – Kearney Area Community Foundation

BCCHP maintains balances at the Kearney Area Community Foundation (KACF). For the years ending June 30, KACF held the following funds:

	2020	2019
Endowment	\$ 322,959	\$ 318,796
Total	<u>\$ 322,959</u>	<u>\$ 318,796</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

Note 4. Endowment Fund

BCCHP has established an endowment fund to further support the mission of the Organization. Contributions given by donors specifically for the endowment fund are maintained with restriction. Other contributions given by donors but designated to the endowment fund by the board are considered without restriction and can be used for general purposes by board vote. Income earned off of all contributions can be used for general purposes as well. As of June 30, 2020, all contributions were given directly by donors and are to be maintained with restriction.

The State of Nebraska enacted the Uniform Prudent Management of Institutional Fund Act (UPMIFA) effective September 1, 2007, the provision of which applies to endowment funds existing on or established after that date. The Organization has adopted the accounting standards related to the net asset classification of endowment funds in FASB ASC 958-205 for the years ending June 30, 2012 and later. The Board of Directors of BCCHP has determined that the majority of BCCHP's with donor restrictions net assets meet the definition of endowment funds under UPMIFA.

Endowment net assets composition by type as of June 30 are as follows:

	2020		
	Without Restriction	With Restriction	Total Endowment Net Assets
Donor restricted endowment funds:			
Original gift held in perpetuity	\$ -	\$ 188,232	\$ 188,232
Accumulated investment income, net	134,727	-	134,727
Total endowment net assets	<u>\$ 134,727</u>	<u>\$ 188,232</u>	<u>\$ 322,959</u>
	2019		
	Without Restriction	With Restriction	Total Endowment Net Assets
Donor restricted endowment funds:			
Original gift held in perpetuity	\$ -	\$ 188,232	\$ 188,232
Accumulated investment income, net	130,564	-	130,564
Total endowment net assets	<u>\$ 130,564</u>	<u>\$ 188,232</u>	<u>\$ 318,796</u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

Note 4. Endowment Fund (continued)

Changes in endowment net assets as of June 30 are as follows:

	2020		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 130,564	\$ 188,232	\$ 318,796
Restricted contributions	-	-	-
Investment income, net	4,163	-	4,163
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets--ending	<u>\$ 134,727</u>	<u>\$ 188,232</u>	<u>\$ 322,959</u>

	2019		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 129,338	\$ 188,113	\$ 317,451
Restricted contributions	-	119	119
Investment income, net	9,226	-	9,226
Appropriation of endowment assets for expenditure	(8,000)	-	(8,000)
Endowment net assets--ending	<u>\$ 130,564</u>	<u>\$ 188,232</u>	<u>\$ 318,796</u>

Endowment funds are held at the Kearney Area Community Foundation (KACF) and invested in accordance with the policies of KACF. The endowment funds of BCCHP will be pooled with funds of other agencies managed by KACF; an investment strategy designed to reduce management and investment fees incurred by BCCHP and to increase the rate of return on invested funds.

BCCHP may choose to reinvest the interest, income and gains back into the principal of the endowment or use it for the activities of the organization. Earnings on the endowment fund may only be paid out once a year upon a vote of the Board of Directors, which must include approval from at least three-fourths of the total Board of BCCHP. The maximum payment to be approved must not exceed 5% of the fund balance.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
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Note 5. Property and Equipment

The following is a summary of transactions of property, plant and equipment for the years ended June 30:

	2020			
	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 48,098	\$ 7,645	\$ -	\$ 55,743
Subtotal	\$ 48,098	\$ 7,645	\$ -	\$ 55,743
Accumulated depreciation	(24,859)	(6,850)	-	(31,709)
TOTAL	<u>\$ 23,239</u>	<u>\$ 795</u>	<u>\$ -</u>	<u>\$ 24,034</u>

	2019			
	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 38,982	\$ 21,234	\$ (12,118)	\$ 48,098
Subtotal	\$ 38,982	\$ 21,234	\$ (12,118)	\$ 48,098
Accumulated depreciation	(33,220)	(3,757)	12,118	(24,859)
TOTAL	<u>\$ 5,762</u>	<u>\$ 17,477</u>	<u>\$ -</u>	<u>\$ 23,239</u>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$6,850 and \$3,757, respectively.

Note 6. Leases

BCCHP entered into a five year lease agreement with Eakes Office Plus for the lease-purchase of a copy machine. BCCHP entered into this agreement on October 4, 2016, with the first payment due upon signing. The agreement calls for sixty monthly payments of \$161 with the option to purchase the copy machine at the end of the lease for \$1. Management does not plan to exercise this option. There is also a service agreement component to the lease payments. This agreement did not disclose imputed yield for the calculation of the lease terms or the amount of the service contract as a separate element of the monthly payments.

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Note 6. **Leases (continued)**

Future lease payments are as follows:

Year Ended June 30	Lease Payment
2021	\$ 1,935
2022	646
Total	<u>\$ 2,581</u>

On July 1, 2011, the Organization entered into a 60 month lease agreement with Good Samaritan Hospital for the lease of BCCHP's office space located in the Richard Young Hospital facility. The lease ended on June 30, 2016. An Addendum to the lease agreement was signed May 10, 2018. This addendum extended the lease through June 30, 2019. The lease is automatically renewed for an additional 12 months at the end of every term, unless either party provides written notice to vacate the lease. Under the terms of the lease, the rent is provided in kind to BCCHP by Good Samaritan Hospital. For each of the fiscal years ending June 30, 2020 and 2019, BCCHP recognized in kind rent expense of \$36,736.

Note 7. **Net Assets With Donor Restrictions**

Funds with donor restrictions are available for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Purpose restriction:		
Humanities	\$ -	\$ 1,968
Keno	-	530
Be Well	-	33,015
DFC	22,500	521
Violence Prevention	2,078	-
Community Well Being	36,844	-
Medica	3,000	-
Elks PV	1,500	-
Held in perpetuity:		
Endowment With Donor Restrictions	<u>188,232</u>	<u>188,232</u>
Total with donor restrictions	<u>\$ 254,154</u>	<u>\$ 224,266</u>

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Note 8. Retirement Plan

BCCHP has a SEP Plan for employees. After one year of employment, employees are eligible to participate in this plan. BCCHP will contribute 8% of the employee's salary set on January 1st each year. BCCHP contributed \$16,060 and \$22,118 for the years ended June 30, 2020 and 2019, respectively.

Note 9. Paid Time Off

BCCHP offers paid time off to employees. Time is accrued each pay period and the amount accrued depends on the length of service with BCCHP. BCCHP has a balance for accrued paid time off in the amounts of \$13,642 and \$7,341 for the years ended June 30, 2020 and 2019, respectively.

Note 10. Fair Value Measurements

Professional standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes 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 under professional standards are described as follows:

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

Level 2 – Inputs to the valuation methodology include:

- (a) quoted prices for similar assets or liabilities in active markets;
- (b) quoted prices for identical or similar assets or liabilities in inactive markets;
- (c) inputs other than quoted prices that are observable for the asset or liability;
- (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
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Note 10. Fair Value Measurements (continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any inputs that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, BCCHP's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Funds held by KACF	\$ -	\$ -	\$ 322,959	\$ 322,959

The following table sets forth by level, within the fair value hierarchy, BCCHP's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Funds held by KACF	\$ -	\$ -	\$ 318,796	\$ 318,796

Fair value in the instance of the Kearney Area Community Foundation funds is the representation of the foundation, and is considered a Level 3 method. The method used to value the funds may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. BCCHP believes its valuation method is appropriate.

The following is a reconciliation of those funds which is the amount the BCCHP would receive if they were to currently withdraw or transfer funds.

Balance at June 30, 2019	\$ 318,796
Unrealized gain/loss	7,349
Fees	(3,186)
Balance at June 30, 2020	<u>\$ 322,959</u>

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Note 11. Related Party Transactions

One of the BCCHP board members also serves as a member of the Kearney Public Schools Board of Education. There were programs at BCCHP that involved working with other organizations in the community to provide training. During the year ended June 30, 2020, BCCHP made payments to Kearney Public Schools totaling \$20,322.

Note 12. Uncertain Tax Positions

Under the modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the Organization is required to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization has open tax years subject to income tax examinations for the years ending June 30, 2018, 2019, and 2020 that remain subject to examination for federal and applicable state income taxes.

The Organization's policy is to include penalties and interest associated with income taxes as income tax and interest expense, respectively. The Organization did not incur any penalties or interest on income taxes for the periods being reported on.

Note 13. Liquidity

Financial assets available for general expenditure within one year are as follows as of June 30, 2020:

Cash, including donor restrictions for program operations	\$ 339,793
Endowment appropriation	<u>7,136</u>
Total	<u>\$ 346,929</u>

None of the financial assets are subject to donor restriction or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts and grants receivable are subject to implied time restrictions, but are expected to be collected within one year.

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Note 13. Liquidity (continued)

As part of its liquidity management, BCCHP has a goal to maintain financial assets on hand to meet six months of normal operating expenses, which would be approximately \$432,870 based on the budgeted expenditures for the year ending June 30, 2021. BCCHP's goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. BCCHP does not have a line of credit available to assist with liquidity management.

Note 14. SBA Paycheck Protection Program Loan

On April 13, 2020, Buffalo County Community Health Partners, Inc. received a loan through the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) for \$65,000. It accrues interest at 1% and requires monthly payments of \$3,654.98, including interest, beginning on October 20, 2020. The final payment will be due on March 30, 2022. Principal payments are as follows:

Year Ended June 30	Principal Payment
2021	\$ 32,242
2022	32,758
Total	<u>\$ 65,000</u>

The PPP loan can be forgiven up to the full principal amount if Buffalo County Community Health Partners, Inc. uses the loan proceeds for forgivable purposes and employee and compensation levels are maintained. Not more than 40 percent of the loan forgiveness amount could be attributable to non-payroll costs. Buffalo County Community Health Partners, Inc. has spent the funds and will apply for loan forgiveness per program guidelines.

Note 15. Risks and Uncertainties

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020 and beyond.

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Note 16. **Subsequent Events**

Upon evaluation, BCCHP notes that there were no material subsequent events between the date of the financial statements and, November 16, 2020, the date that the financial statements were issued or available to be issued.