

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

**FINANCIAL STATEMENTS**  
*(Audited)*

**JUNE 30, 2021**

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404 East 25th Street  
PO Box 1120  
Kearney, NE 68848  
308-234-5565  
Fax 308-234-2990  
www.ksocpa.com

## 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, 2021 and 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Buffalo County Community Health Partners, Inc. as of June 30, 2021 and 2020, and its revenues, 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.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2021 on our consideration of Buffalo County Community Health Partners, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buffalo County Community Health Partners, Inc.'s 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 Buffalo County Community Health Partners, Inc.'s internal control over financial reporting and compliance.

**KSO CPA's, P.C.**

A handwritten signature in black ink, appearing to read "KSO CPA's, P.C.", is written over a solid horizontal line.

Kearney, Nebraska

February 4, 2022

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

**STATEMENTS OF ASSETS, LIABILITIES AND  
NET ASSETS - MODIFIED CASH BASIS  
June 30, 2021 and 2020**

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 385,362	\$ 339,793
<b>Total current assets</b>	<u>\$ 385,362</u>	<u>\$ 339,793</u>
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment	\$ 46,034	\$ 55,743
Less accumulated depreciation	<u>(29,041)</u>	<u>(31,709)</u>
<b>Property and equipment, net</b>	<u>\$ 16,993</u>	<u>\$ 24,034</u>
<b>OTHER ASSETS</b>		
Investments - Kearney Area Community Foundation	\$ 436,919	\$ 322,959
<b>Total other assets</b>	<u>\$ 436,919</u>	<u>\$ 322,959</u>
 <b>Total assets</b>	 <u><u>\$ 839,274</u></u>	 <u><u>\$ 686,786</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Sales tax payable	\$ 77	\$ 52
Payroll taxes and withholdings payable	1,555	1,365
Credit cards payable	13,526	16,802
Short term portion of long term debt	<u>7,141</u>	<u>32,242</u>
<b>Total current liabilities</b>	<u>\$ 22,299</u>	<u>\$ 50,461</u>
<b>LONG TERM LIABILITIES</b>		
SBA paycheck protection program loan	\$ 65,625	\$ 65,000
Less: Short term portion of long term debt	<u>(7,141)</u>	<u>(32,242)</u>
<b>Total long term liabilities</b>	<u>\$ 58,484</u>	<u>\$ 32,758</u>
<b>Total liabilities</b>	<u>\$ 80,783</u>	<u>\$ 83,219</u>
<b>NET ASSETS</b>		
Without donor restriction	\$ 506,763	\$ 349,413
With donor restriction	<u>251,728</u>	<u>254,154</u>
<b>Total net assets</b>	<u>\$ 758,491</u>	<u>\$ 603,567</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 839,274</u></u>	<u><u>\$ 686,786</u></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, 2021 and 2020**

	2021		
	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 148,785	\$ 20,000	\$ 168,785
Grants	12,000	1,310,607	1,322,607
Grant administration	83,241	-	83,241
Grant consulting	-	-	-
Program income	-	800	800
Interest income	5,995	-	5,995
Community events	22,453	3,000	25,453
Miscellaneous income	7,533	1,000	8,533
Unrealized gains and (losses), net	93,869	-	93,869
Gain (Loss) on asset disposal	(473)	-	(473)
Paycheck Protection Program loan forgiveness	65,000	-	65,000
Net assets released from restrictions:			
Program restrictions satisfied	<u>1,337,833</u>	<u>(1,337,833)</u>	<u>-</u>
<b>Total revenues and other support</b>	<b><u>\$ 1,776,236</u></b>	<b><u>\$ (2,426)</u></b>	<b><u>\$ 1,773,810</u></b>
<b>EXPENSES</b>			
Program services	\$ 1,522,272	\$ -	\$ 1,522,272
Management and general	48,307	-	48,307
Fundraising	48,307	-	48,307
<b>Total expenses</b>	<b><u>\$ 1,618,886</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,618,886</u></b>
Change in net assets	\$ 157,350	\$ (2,426)	\$ 154,924
<b>Net assets, beginning of year</b>	<b><u>349,413</u></b>	<b><u>254,154</u></b>	<b><u>603,567</u></b>
<b>Net assets, end of year</b>	<b><u>\$ 506,763</u></b>	<b><u>\$ 251,728</u></b>	<b><u>\$ 758,491</u></b>

See notes to financial statements.

	<b>2020</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>			
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>
<b>Total revenues and other support</b>	<u>\$ 979,456</u>	<u>\$ 29,888</u>	<u>\$ 1,009,344</u>
<b>EXPENSES</b>			
Program services	\$ 776,592	\$ -	\$ 776,592
Management and general	57,504	-	57,504
Fundraising	<u>57,514</u>	<u>-</u>	<u>57,514</u>
<b>Total expenses</b>	<u>\$ 891,610</u>	<u>\$ -</u>	<u>\$ 891,610</u>
Change in net assets	\$ 87,846	\$ 29,888	\$ 117,734
<b>Net assets, beginning of year</b>	<u>261,567</u>	<u>224,266</u>	<u>485,833</u>
<b>Net assets, end of year</b>	<u>\$ 349,413</u>	<u>\$ 254,154</u>	<u>\$ 603,567</u>



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

**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS  
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 154,924	\$ 117,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,568	6,850
Unrealized gain on investments, net	(93,869)	(4,163)
Loss on asset disposal	473	-
Paycheck Protection Program loan forgiveness	(65,000)	-
Increase (decrease) in sales tax payable	25	52
Increase (decrease) in payroll taxes and withholdings payable	190	296
Increase (decrease) in credit cards payable	<u>(3,276)</u>	<u>10,502</u>
<b>Net cash provided by operating activities</b>	<u>\$ 35</u>	<u>\$ 131,271</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equipment purchased	\$ -	\$ (7,645)
Purchases of investments	<u>(20,091)</u>	<u>-</u>
<b>Net cash provided by (used in) investing activities</b>	<u>\$ (20,091)</u>	<u>\$ (7,645)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from SBA paycheck protection program loan	<u>\$ 65,625</u>	<u>\$ 65,000</u>
<b>Net cash provided by financing activities</b>	<u>\$ 65,625</u>	<u>\$ 65,000</u>
<b>Net change in cash and cash equivalents</b>	\$ 45,569	\$ 188,626
<b>Cash and cash equivalents, beginning of year</b>	<u>339,793</u>	<u>151,167</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 385,362</u></u>	<u><u>\$ 339,793</u></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, 2021**

	Program Services					
	Substance Abuse Prevention	Region III Programs	Community Facilitation and Grants	Assessments	Behavioral Health	Early Childhood Development
<b>PERSONNEL COSTS</b>						
Salaries and wages	\$ 36,384	\$ 61,055	\$ 25,568	\$ 25,568	\$ 13,104	\$ 42,059
Employee benefits	2,166	4,841	1,846	1,846	131	1,161
Payroll taxes	2,803	4,540	1,988	1,988	999	3,206
<b>Total personnel costs</b>	<u>\$ 41,353</u>	<u>\$ 70,436</u>	<u>\$ 29,402</u>	<u>\$ 29,402</u>	<u>\$ 14,234</u>	<u>\$ 46,426</u>
<b>EXPENSES</b>						
Professional fees	\$ -	\$ 1,125	\$ 1,800	\$ 1,800	\$ -	\$ -
Contracted services	13,326	-	-	-	-	-
Community development	-	-	-	-	-	-
Supplies	5,001	6,159	1,106	1,106	1,652	2,834
Travel	236	59	147	147	-	135
Program costs	12,057	24,609	1,867	1,867	5,493	95,416
Printing	1,000	1,052	(71)	(71)	-	-
Advertising and marketing	8,800	10,144	266	266	-	1,480
Computer services	95	1,235	384	384	-	-
Postage	-	-	-	-	-	-
Telephone	650	1,250	650	650	-	-
Insurance	234	423	971	971	188	235
Rent	-	-	6,752	6,752	-	-
Depreciation	-	-	1,642	1,642	-	-
Meals	-	-	65	65	-	-
Dues and subscriptions	544	-	835	835	-	-
In kind volunteer time	14,567	-	2,023	2,023	1,663	3,464
Partner grant awards	-	-	125	125	-	-
Miscellaneous	-	77	343	343	-	-
<b>Total expenses</b>	<u>\$ 56,510</u>	<u>\$ 46,133</u>	<u>\$ 18,905</u>	<u>\$ 18,905</u>	<u>\$ 8,996</u>	<u>\$ 103,564</u>
<b>Total personnel costs and expenses</b>	<u>\$ 97,863</u>	<u>\$ 116,569</u>	<u>\$ 48,307</u>	<u>\$ 48,307</u>	<u>\$ 23,230</u>	<u>\$ 149,990</u>

	Supporting Activities				
	Other Programs	Total Program Services	Fundraising	Management and General	Total Supporting Activities
\$ 175,649	\$ 379,387	\$ 25,568	\$ 25,568	\$ 51,136	\$ 430,523
10,182	22,173	1,846	1,846	3,692	25,865
13,420	28,944	1,988	1,988	3,976	32,920
<u>\$ 199,251</u>	<u>\$ 430,504</u>	<u>\$ 29,402</u>	<u>\$ 29,402</u>	<u>\$ 58,804</u>	<u>\$ 489,308</u>
\$ 5,390	\$ 10,115	\$ 1,800	\$ 1,800	\$ 3,600	\$ 13,715
-	13,326	-	-	-	13,326
65	65	-	-	-	65
9,445	27,303	1,106	1,106	2,212	29,515
189	913	147	147	294	1,207
750,454	891,763	1,867	1,867	3,734	895,497
235	2,145	(71)	(71)	(142)	2,003
44,454	65,410	266	266	532	65,942
587	2,685	384	384	768	3,453
-	-	-	-	-	-
700	3,900	650	650	1,300	5,200
611	3,633	971	971	1,942	5,575
-	13,504	6,752	6,752	13,504	27,008
-	3,284	1,642	1,642	3,284	6,568
-	130	65	65	130	260
-	2,214	835	835	1,670	3,884
26,625	50,365	2,023	2,023	4,046	54,411
-	250	125	125	250	500
-	763	343	343	686	1,449
<u>\$ 838,755</u>	<u>\$ 1,091,768</u>	<u>\$ 18,905</u>	<u>\$ 18,905</u>	<u>\$ 37,810</u>	<u>\$ 1,129,578</u>
<u>\$ 1,038,006</u>	<u>\$ 1,522,272</u>	<u>\$ 48,307</u>	<u>\$ 48,307</u>	<u>\$ 96,614</u>	<u>\$ 1,618,886</u>

**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	Community Facilitation and Grants	Assessments	Behavioral Health	Early Childhood Development
<b>PERSONNEL COSTS</b>						
Salaries and wages	\$ 53,427	\$ 77,734	\$ 30,601	\$ 30,601	\$ -	\$ -
Employee benefits	5,397	4,345	1,225	1,225	-	-
Payroll taxes	3,991	6,075	2,410	2,410	-	-
<b>Total personnel costs</b>	<u>\$ 62,815</u>	<u>\$ 88,154</u>	<u>\$ 34,236</u>	<u>\$ 34,236</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENSES</b>						
Professional fees	\$ -	\$ 800	\$ 1,831	\$ 1,831	\$ -	\$ -
Contracted services	12,613	1,500	-	-	-	-
Community development	(125)	625	135	135	-	-
Supplies	8,608	4,502	784	784	-	-
Travel	613	2,539	305	305	-	-
Program costs	19,178	35,285	456	456	-	-
Printing	1,990	1,332	(75)	(75)	-	-
Advertising and marketing	2,594	16,759	551	551	-	-
Computer services	1,436	1,146	165	165	-	-
Postage	-	-	1,038	1,038	-	-
Telephone	750	1,150	788	788	-	-
Insurance	243	244	890	889	-	-
Rent	950	-	9,509	9,509	-	-
Depreciation	-	-	1,713	1,713	-	-
Meals	-	-	196	196	-	-
Dues and subscriptions	1,245	-	823	823	-	-
In kind volunteer time	8,307	-	1,681	1,681	-	-
Partner grant awards	-	-	2,421	2,421	-	-
Miscellaneous	300	51	71	71	-	-
<b>Total expenses</b>	<u>\$ 58,702</u>	<u>\$ 65,933</u>	<u>\$ 23,282</u>	<u>\$ 23,281</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total personnel costs and expenses</b>	<u>\$ 121,517</u>	<u>\$ 154,087</u>	<u>\$ 57,518</u>	<u>\$ 57,517</u>	<u>\$ -</u>	<u>\$ -</u>

<b>Supporting Activities</b>					
<b>Other Programs</b>	<b>Total Program Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total Supporting Activities</b>	<b>Total Expenses</b>
\$ 102,046	\$ 294,409	\$ 30,600	\$ 30,600	\$ 61,200	\$ 355,609
4,488	16,680	1,225	1,225	2,450	19,130
8,156	23,042	2,410	2,410	4,820	27,862
<u>\$ 114,690</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
4,505	18,618	-	-	-	18,618
-	770	135	133	268	1,038
9,047	23,725	784	784	1,568	25,293
2,140	5,902	305	303	608	6,510
220,476	275,851	455	454	909	276,760
3,103	6,275	(75)	(76)	(151)	6,124
2,065	22,520	551	551	1,102	23,622
413	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
488	2,754	889	889	1,778	4,532
2,350	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
198	3,089	823	823	1,646	4,735
24,826	36,495	1,681	1,681	3,362	39,857
-	4,842	2,421	2,421	4,842	9,684
1,652	2,145	71	71	142	2,287
<u>\$ 271,263</u>	<u>\$ 442,461</u>	<u>\$ 23,279</u>	<u>\$ 23,269</u>	<u>\$ 46,548</u>	<u>\$ 489,009</u>
<u>\$ 385,953</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.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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, 2021 and 2020**

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 \$5,000, 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 \$27,007 in 2021 and \$45,638 in 2020. 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 \$65,942 and \$23,622 for the years ended June 30, 2021 and 2020, respectively.

**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.

**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.

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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

**Revenue Recognition:**

Revenue is primarily derived from donations, grants and special programs. Since the Organization's intent is to assist others through the use of these funding sources and not the donors themselves, the majority of these receipts have been deemed contributions and not exchange transactions and therefore recognized under FASB ASC Topic 958, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, as an unconditional contribution to the Organization. In the instance when the Organization does receive a contribution which directly benefits the donor, revenue from this exchange transaction is recognized in accordance with FASB ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers.

In accordance with FASB ASC Topic 606, the Organization recognizes revenue from exchange transactions when it transfers promised products or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those products or services. The consideration received is generally based on the stand-alone fee for the products or service provided.

The Organization has adopted FASB ASC Topic 606 on a modified retrospective basis on July 1, 2020. Upon adoption, management concluded that its contracts with customers (exchange transactions) consist of a single performance obligation. The cumulative effect of applying the new standard was not material to the financial statements as a whole and did not impact beginning net assets as of July 1, 2020.

**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.

**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.



**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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

**Change in Accounting Principle**

To provide enhanced disclosures to financial statement users, the BCCHP is adopting Financial Accounting Standards Board (FASB) Accounting Standards update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), for the year ended June 30, 2021. 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. No retrospective adjustments were needed to conform to the new accounting principle implemented in the year ended June 30, 2020.

**New Accounting Pronouncements**

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.

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, 2021, BCCHP had total cash balances of \$409,590, of which \$159,590 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:

	2021	2020
Endowment	<u>\$ 436,919</u>	<u>\$ 322,959</u>
Total	<u><u>\$ 436,919</u></u>	<u><u>\$ 322,959</u></u>

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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, 2021, 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:

	2021		
	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	234,388	-	234,388
Unendowed expendable fund held at KACF	-	14,299	14,299
Total endowment net assets	<u>\$ 234,388</u>	<u>\$ 202,531</u>	<u>\$ 436,919</u>
	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
Unendowed expendable fund held at KACF	-	-	-
Total endowment net assets	<u>\$ 134,727</u>	<u>\$ 188,232</u>	<u>\$ 322,959</u>

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

Note 4. **Endowment Fund (continued)**

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

	2021		
	Without Restriction	With Restriction	Total Endowment Net Assets
	Endowment net assets--beginning	\$ 134,727	\$ 188,232
Investment income, net	99,661	-	99,661
Restricted contribution to unendowed expendable fund held at KACF	-	14,299	14,299
Endowment net assets--ending	<u>\$ 234,388</u>	<u>\$ 202,531</u>	<u>\$ 436,919</u>
	2020		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 130,564	\$ 188,232	\$ 318,796
Investment income, net	4,163	-	4,163
Restricted contribution to unendowed expendable fund held at KACF	-	-	-
Endowment net assets--ending	<u>\$ 134,727</u>	<u>\$ 188,232</u>	<u>\$ 322,959</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.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

Note 5. **Property and Equipment**

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

	2021			
	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 55,743	\$ -	\$ (9,709)	\$ 46,034
Subtotal	\$ 55,743	\$ -	\$ (9,709)	\$ 46,034
Accumulated depreciation	(31,709)	(6,568)	9,236	(29,041)
<b>TOTAL</b>	<b>\$ 24,034</b>	<b>\$ (6,568)</b>	<b>\$ (473)</b>	<b>\$ 16,993</b>
	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)
<b>TOTAL</b>	<b>\$ 23,239</b>	<b>\$ 795</b>	<b>\$ -</b>	<b>\$ 24,034</b>

Depreciation expense for the years ended June 30, 2021 and 2020, was \$6,568 and \$6,850, 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.

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

Note 6. **Leases (continued)**

Future lease payments are as follows:

Year Ended June 30	Lease Payment
2022	\$ 646
Total	<u>\$ 646</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 the fiscal years ending June 30, 2021 and 2020, BCCHP recognized in kind rent expense of \$27,007 and \$36,736 respectively.

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

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

	<u>2021</u>	<u>2020</u>
Purpose restriction:		
DFC	\$ -	\$ 22,500
CHI Behavioral Health	5,179	2,078
Community Well Being	33,744	36,844
Medica	-	3,000
Elks PV	-	1,500
Donations for food / mental health	7,055	-
City of Kearney - COVID-19 relief	3,219	-
Expendable fund at KACF	14,299	-
Held in perpetuity:		
Endowment With Donor Restrictions	<u>188,232</u>	<u>188,232</u>
Total with donor restrictions	<u>\$ 251,728</u>	<u>\$ 254,154</u>

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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 1<sup>st</sup> each year. BCCHP contributed \$23,964 and \$16,060 for the years ended June 30, 2021 and 2020, 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 \$13,414 and \$13,642 for the years ended June 30, 2021 and 2020, 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.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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 input 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, 2021:

	Level 1	Level 2	Level 3	Total
Funds held by KACF	\$ -	\$ -	\$ 436,919	\$ 436,919

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

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, 2020	\$ 322,959
Contributions	14,299
Interest / dividends	5,792
Unrealized gain / loss	97,683
Fees	(3,814)
Balance at June 30, 2021	\$ 436,919

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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, 2021, BCCHP made payments to Kearney Public Schools totaling \$9,133.

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, 2019, 2020, and 2021 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, 2021:

Cash, including donor restrictions for program operations	\$ 385,362
Endowment appropriation	12,434
Total	<u>\$ 397,796</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.



**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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 \$438,795 based on the budgeted expenditures for the year ending June 30, 2022. 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. On February 24, 2021, Buffalo County Community Health Partners, Inc. received forgiveness for the full principal amount.

On March 18, 2021, Buffalo County Community Health Partners, Inc. received a second PPP loan through the SBA for \$65,625. It accrues interest at 1% and requires monthly payments of \$1,324.75, including interest, beginning on January 18, 2022. The final payment will be due on March 18, 2026. Principal payments are as follows:

Year Ended June 30	Principal Payment
2022	\$ 7,141
2023	15,382
2024	15,536
2025	15,693
2026	<u>11,873</u>
Total	<u>\$ 65,625</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.

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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.

Note 16. **Subsequent Events**

Upon evaluation, BCCHP notes that there were no material subsequent events between the date of the financial statements and, November 15, 2021, the date that the financial statements were issued or available to be issued.

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

**SINGLE AUDIT INFORMATION**

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2021

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal ALN Number</b>	<b>Grant/ Contract Number</b>	<b>Federal Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
Drug-Free Communities Support Program Grants	93.276	H79SP021034	\$ 57,782	\$ -
<b>Passed through Region III Behavioral Health:</b>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08TI083064-01	\$ 34,145	\$ -
Opioid STR	93.788	H79TI081706; H79TI083322	\$ 12,889	\$ -
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SP080988	\$ 41,325	\$ -
<b><u>U.S. Department of Treasury</u></b>				
<b>Passed through Kearney Area Community Foundation:</b>				
COVID-19 Coronavirus Relief Fund	21.019	N/A	\$ 622,908	\$ 176,306*
Total Federal Expenditures			<u>\$ 769,049</u>	

\* Denotes major programs

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Years Ended June 30, 2021**

Note 1. **Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Buffalo County Community Health Partners, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net assets or cash flows of Buffalo County Community Health Partners, Inc.

Expenditures reported on the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Buffalo County Community Health Partners, Inc. used a ten-percent indirect cost rate.

**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  
Buffalo County Community Health Partners, Inc.  
Kearney, Nebraska

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Buffalo County Community Health Partners, Inc., which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2021 and 2020, 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, and have issued our report thereon dated November 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Buffalo County Community Health Partners, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Buffalo County Community Health Partners, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Buffalo County Community Health Partners, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Buffalo County Community Health Partners, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

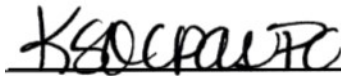
### **Buffalo County Community Health Partners, Inc.'s Response to Findings**

Buffalo County Community Health Partners, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Buffalo County Community Health Partners, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

**KSO CPA's, P.C.**



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Kearney, Nebraska  
February 4, 2022



404 East 25th Street  
PO Box 1120  
Kearney, NE 68848  
308-234-5565  
Fax 308-234-2990  
www.ksocpa.com

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Buffalo County Community Health Partners, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Buffalo County Community Health Partners, Inc.'s major federal programs for the year ended June 30, 2021. Buffalo County Community Health Partners, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Buffalo County Community Health Partners, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buffalo County Community Health Partners, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Buffalo County Community Health Partners, Inc.'s compliance.

### ***Basis for Qualified Opinion on COVID-19 Coronavirus Relief Fund***

As described in the accompanying schedule of findings and questioned costs, Buffalo County Community Health Partners, Inc. did not comply with requirements regarding Assistance Listing Number 21.019 COVID-19 Coronavirus Relief Fund as described in finding 2021-002 for activities allowed or unallowed, allowable costs and cost principles, period of performance, and subrecipient monitoring. Compliance with such requirements is necessary, in our opinion, for Buffalo County Community Health Partners, Inc. to comply with the requirements applicable to that program.

### ***Qualified Opinion on COVID-19 Coronavirus Relief Fund***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Buffalo County Community Health Partners, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on COVID-19 Coronavirus Relief Fund for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of Buffalo County Community Health Partners, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buffalo County Community Health Partners, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Buffalo County Community Health Partners, Inc.'s internal control over compliance.

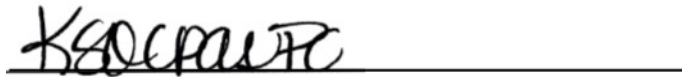
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

Buffalo County Community Health Partners, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Buffalo County Community Health Partners, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**KSO CPA's, P.C.**

A handwritten signature in black ink, appearing to read "KSO CPA's, P.C.", is written over a horizontal line.

Kearney, Nebraska

February 4, 2022

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2021**

**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified  Yes  No
- Significant deficiency identified  Yes  None Reported

Noncompliance material to financial statements noted  Yes  No

***Federal Awards***

Type of auditor's report issued on compliance for major programs: Qualified

Internal control over major program compliance:

- Material weakness identified  Yes  No
- Significant deficiency identified  Yes  None Reported
- Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee?  Yes  No

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

**II. FINANCIAL STATEMENT FINDINGS**

*Finding 2021-001: Lack of Segregation of Duties in One or More Areas*

*Criteria:* The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

*Condition:* The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of a transaction.

*Context:* We reviewed the Organization's internal control environment and noted that the Organization's financial recording duties are concentrated with only a few individuals.

*Cause:* The entity's limited staffing resources have made it difficult for the Organization to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

*Effect or Potential Effect:* An individual controlling a transaction from beginning to conclusion does not have oversight from other individuals to ensure that the transaction was properly executed and recorded.

*Recommendation:* We would recommend that the Board of Directors take an active part in internal controls and closely monitor all accounting functions, while seeking ways to continue strengthening compensating controls.

*Responsible Official's Response and Corrective Action Planned:* The entity's Board continually evaluates the distribution of duties to employees and closely monitors all accounting functions.

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Finding 2021-001: Lack of Segregation of Duties in One or More Areas*

*Information on the Federal Programs:* CFDA 21.019 – COVID-19 Coronavirus Relief Fund, United States Department of Treasury. *Pass-through entity:* Kearney Area Community Foundation. *Award Number:* N/A. *Compliance Requirements:* Activities allowed or unallowed; Allowable costs and cost principles; Period of performance; Subrecipient monitoring. *Type of Finding:* Significant deficiency over internal control.

*Criteria:* The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

*Condition:* The entity does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of a transaction.

*Cause:* The entity's limited staffing resources have made it difficult for the Organization to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

*Effect or Potential Effect:* An individual controlling a transaction from beginning to conclusion does not have oversight from other individuals to ensure that the transaction was properly executed and recorded.

*Questioned Cost:* None.

*Context:* We reviewed the Organization's internal control environment and noted that the Organization's financial recording duties are concentrated with only a few individuals.

*Repeat Findings:* Immediately preceding year.

*Recommendation:* We would recommend that the Board of Directors take an active part in internal controls and closely monitor all accounting functions, while seeking ways to continue strengthening compensating controls.

*Responsible Official's Response and Corrective Action Planned:* The Board of Directors will continually evaluate the distribution of duties to employees and closely monitor accounting functions.

*Planned Implementation Date of Corrective Action:* Ongoing

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*Person Responsible for Corrective Action:* Board, Resource Committee and Executive Director

*Finding 2021-002 Lack of Subrecipient Identification and Monitoring*

*Information on the Federal Programs:* CFDA 21.019 – COVID-19 Coronavirus Relief Fund, United States Department of Treasury. *Pass-through entity:* Kearney Area Community Foundation. *Award Number:* N/A. *Compliance Requirements:* Activities allowed or unallowed; Allowable costs and cost principles; Period of performance; Subrecipient monitoring. *Type of Finding:* Material weakness over internal control and material noncompliance.

*Criteria:* Acceptance of the terms of the COVID-19 Coronavirus Relieve Funds included acknowledgement of required compliance with the Office of Management and Budget Guidance for Grant and Agreement’s code section 2 CRF § 200.331. This code section requires the Organization to make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. Disbursements that are made to a receiving party cast as a subrecipient require the Organization to issue subawards and to meet additional monitoring and oversight responsibilities as outlined in code section 2 CRF § 200.332.

*Condition:* For the year ended June 30, 2021, we reviewed the Organization’s grant files for the COVID-19 Coronavirus Relieve Funds and found that subrecipient relationships were not identified until after the completion of the grant. In addition, there was no issuance of subawards as required by 2 CRF § 200.331 and there was a lack of monitoring and oversight responsibilities as outlined in code section 2 CRF § 200.332.

*Cause:* The Organization lacked an understanding of the Office of Management and Budget Guidance for Grant and Agreement’s code section 2 CRF § 200.331-332.

*Effect or Potential Effect:* As a result, there was a lack of oversight over the activities of subrecipients to ensure that subawarded funds were used for authorized purposes, in compliance with Federal statutes and regulations, and that subaward performance goals were achieved.

*Questioned Cost:* \$176,306.

*Context:* We reviewed the District’s internal control environment and noted that the District’s financial recording duties are concentrated with only a few individuals.

*Repeat Finding:* No.

**BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)**

*Recommendation:* We recommend that the Organization receive training on the requirements of Office of Management and Budget Guidance for Grant and Agreement's code section 2 CRF § 200.331-332.

*Responsible Officials Response and Corrective Action Planned:* The Board of Directors accepts the auditor finding and provides the following response toward corrective action recommending training. While the Board is frustrated with the lack of formal training on OMB Guidance for Grant and Agreement's code section 2 CRF 200.331-332, they recognize that this education is necessary. Much education was received during the course of this audit and the board has updated policies and procedures that were implemented January 12, 2022.

*Planned Implementation Date of Corrective Action:* Immediate

*Person Responsible for Corrective Action:* Board, Resource Committee and Executive Director