

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

FINANCIAL STATEMENTS
(Audited)

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities and net assets of Buffalo County Community Health Partners, Inc. as of June 30, 2022 and 2021, and its revenues, expenses, and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Buffalo County Community Health Partners, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - 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.

Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Buffalo County Community Health Partners, Inc.’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Buffalo County Community Health Partners, Inc.’s ability to continue as a going concern for a reasonable period of time.

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

KSO CPA’s, P.C.



Kearney, Nebraska
November 4, 2022

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
June 30, 2022 and 2021**

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 279,702	\$ 385,362
Total current assets	<u>\$ 279,702</u>	<u>\$ 385,362</u>
PROPERTY AND EQUIPMENT		
Property and equipment	\$ 38,970	\$ 46,034
Less accumulated depreciation	(27,869)	(29,041)
Property and equipment, net	<u>\$ 11,101</u>	<u>\$ 16,993</u>
OTHER ASSETS		
Investments - Kearney Area Community Foundation	\$ 385,371	\$ 436,919
Total other assets	<u>\$ 385,371</u>	<u>\$ 436,919</u>
 Total assets	 <u><u>\$ 676,174</u></u>	 <u><u>\$ 839,274</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Sales tax payable	\$ 398	\$ 77
Payroll taxes and withholdings payable	2,472	1,555
Credit cards payable	25,514	13,526
Short term portion of long term debt	-	7,141
Total current liabilities	<u>\$ 28,384</u>	<u>\$ 22,299</u>
LONG TERM LIABILITIES		
SBA paycheck protection program loan	\$ -	\$ 65,625
Less: Short term portion of long term debt	-	(7,141)
Total long term liabilities	<u>\$ -</u>	<u>\$ 58,484</u>
 Total liabilities	 <u><u>\$ 28,384</u></u>	 <u><u>\$ 80,783</u></u>
NET ASSETS		
Without donor restriction	\$ 441,821	\$ 506,763
With donor restriction	205,969	251,728
Total net assets	<u>\$ 647,790</u>	<u>\$ 758,491</u>
 Total liabilities and net assets	 <u><u>\$ 676,174</u></u>	 <u><u>\$ 839,274</u></u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGE
IN NET ASSETS - MODIFIED CASH BASIS**

For the Years Ended June 30, 2022 and 2021

	2022		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 169,389	\$ 530	\$ 169,919
Grants	-	684,026	684,026
Grant administration	54,705	-	54,705
Program income	1,609	-	1,609
Interest income	8,840	-	8,840
Community events	-	-	-
Miscellaneous income	2,161	168	2,329
Unrealized gains and (losses), net	(50,755)	-	(50,755)
Gain (loss) on asset disposal	-	-	-
Paycheck Protection Program loan forgiveness	65,625	-	65,625
Net assets released from restrictions:			
Program restrictions satisfied	<u>730,483</u>	<u>(730,483)</u>	<u>-</u>
Total revenues and other support	<u>\$ 982,057</u>	<u>\$ (45,759)</u>	<u>\$ 936,298</u>
EXPENSES			
Program services	\$ 922,078	\$ -	\$ 922,078
Management and general	62,460	-	62,460
Fundraising	<u>62,461</u>	<u>-</u>	<u>62,461</u>
Total expenses	<u>\$ 1,046,999</u>	<u>\$ -</u>	<u>\$ 1,046,999</u>
Change in net assets	\$ (64,942)	\$ (45,759)	\$ (110,701)
Net assets, beginning of year	<u>506,763</u>	<u>251,728</u>	<u>758,491</u>
Net assets, end of year	<u><u>\$ 441,821</u></u>	<u><u>\$ 205,969</u></u>	<u><u>\$ 647,790</u></u>

	2021		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 148,785	\$ 20,000	\$ 168,785
Grants	12,000	1,310,607	1,322,607
Grant administration	83,241	-	83,241
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>
Total revenues and other support	<u>\$ 1,776,236</u>	<u>\$ (2,426)</u>	<u>\$ 1,773,810</u>
EXPENSES			
Program services	\$ 1,522,272	\$ -	\$ 1,522,272
Management and general	48,307	-	48,307
Fundraising	<u>48,307</u>	<u>-</u>	<u>48,307</u>
Total expenses	<u>\$ 1,618,886</u>	<u>\$ -</u>	<u>\$ 1,618,886</u>
Change in net assets	\$ 157,350	\$ (2,426)	\$ 154,924
Net assets, beginning of year	<u>349,413</u>	<u>254,154</u>	<u>603,567</u>
Net assets, end of year	<u><u>\$ 506,763</u></u>	<u><u>\$ 251,728</u></u>	<u><u>\$ 758,491</u></u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (110,701)	\$ 154,924
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,892	6,568
Unrealized gain (loss) on investments, net	50,755	(93,869)
Loss on asset disposal	-	473
Paycheck Protection Program loan forgiveness	(65,625)	(65,000)
Increase (decrease) in sales tax payable	321	25
Increase (decrease) in payroll taxes and withholdings payable	917	190
Increase (decrease) in credit cards payable	<u>11,988</u>	<u>(3,276)</u>
 Net cash provided (used) by operating activities	 <u>\$ (106,453)</u>	 <u>\$ 35</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>\$ 793</u>	<u>\$ (20,091)</u>
 Net cash provided (used) by investing activities	 <u>\$ 793</u>	 <u>\$ (20,091)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA paycheck protection program loan	<u>\$ -</u>	<u>\$ 65,625</u>
 Net cash provided by financing activities	 <u>\$ -</u>	 <u>\$ 65,625</u>
 Net change in cash and cash equivalents	 \$ (105,660)	 \$ 45,569
 Cash and cash equivalents, beginning of year	 <u>385,362</u>	 <u>339,793</u>
 Cash and cash equivalents, end of year	 <u><u>\$ 279,702</u></u>	 <u><u>\$ 385,362</u></u>

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2022**

	Program Services					
	Substance Abuse Prevention	Region III Programs	Community Facilitation and Grants	Assessments	Behavioral Health	Early Childhood Development
PERSONNEL COSTS						
Salaries and wages	\$ 7,237	\$ 76,318	\$ 34,745	\$ 34,745	\$ 16,110	\$ 37,838
Employee benefits	358	3,064	4,454	4,454	789	2,005
Payroll taxes	549	5,903	2,308	2,308	1,285	2,770
Total personnel costs	<u>\$ 8,144</u>	<u>\$ 85,285</u>	<u>\$ 41,507</u>	<u>\$ 41,507</u>	<u>\$ 18,184</u>	<u>\$ 42,613</u>
EXPENSES						
Professional fees	\$ -	\$ 967	\$ 2,388	\$ 2,388	\$ -	\$ 836
Contracted services	-	522	-	-	-	-
Community development	-	750	300	300	-	2,120
Supplies	139	3,254	1,349	1,349	439	775
Travel	-	38	534	534	2	2,552
Program costs	6,928	29,118	2,327	2,327	3,541	206,645
Printing	8	1,664	2	2	-	-
Advertising and marketing	(7,524)	8,527	110	110	-	7,527
Computer services	100	2,025	738	738	141	322
Telephone	-	1,066	288	288	-	-
Insurance	-	610	963	963	203	203
Rent	300	-	6,954	6,954	-	200
Depreciation	-	-	1,473	1,473	-	-
Meals	-	-	10	10	-	46
Dues and subscriptions	-	-	1,000	1,000	-	160
In kind volunteer time	6,997	-	2,309	2,309	16,464	8,796
Partner grant awards	-	-	-	-	-	-
Miscellaneous	1	59	212	212	-	300
Total expenses	<u>\$ 6,949</u>	<u>\$ 48,600</u>	<u>\$ 20,957</u>	<u>\$ 20,957</u>	<u>\$ 20,790</u>	<u>\$ 230,482</u>
Total personnel costs and expenses	<u>\$ 15,093</u>	<u>\$ 133,885</u>	<u>\$ 62,464</u>	<u>\$ 62,464</u>	<u>\$ 38,974</u>	<u>\$ 273,095</u>

Supporting Activities					
Other Programs	Total Program Services	Fundraising	Management and General	Total Supporting Activities	Total Expenses
\$ 143,155	\$ 350,148	\$ 34,745	\$ 34,745	\$ 69,490	\$ 419,638
11,618	26,742	4,454	4,454	8,908	35,650
11,029	26,152	2,308	2,308	4,616	30,768
<u>\$ 165,802</u>	<u>\$ 403,042</u>	<u>\$ 41,507</u>	<u>\$ 41,507</u>	<u>\$ 83,014</u>	<u>\$ 486,056</u>
\$ 683	\$ 7,262	\$ 2,387	\$ 2,387	\$ 4,774	\$ 12,036
-	522	-	-	-	522
1,049	4,519	300	300	600	5,119
9,132	16,437	1,349	1,349	2,698	19,135
814	4,474	534	534	1,068	5,542
139,831	390,717	2,327	2,327	4,654	395,371
382	2,058	2	2	4	2,062
168	8,918	110	109	219	9,137
2,078	6,142	738	738	1,476	7,618
1,400	3,042	287	287	574	3,616
406	3,348	962	962	1,924	5,272
-	14,408	6,954	6,954	13,908	28,316
-	2,946	1,473	1,473	2,946	5,892
1,464	1,530	10	9	19	1,549
3,654	5,814	1,000	1,000	2,000	7,814
8,726	45,601	2,309	2,309	4,618	50,219
-	-	-	-	-	-
514	1,298	212	213	425	1,723
<u>\$ 170,301</u>	<u>\$ 519,036</u>	<u>\$ 20,954</u>	<u>\$ 20,953</u>	<u>\$ 41,907</u>	<u>\$ 560,943</u>
<u>\$ 336,103</u>	<u>\$ 922,078</u>	<u>\$ 62,461</u>	<u>\$ 62,460</u>	<u>\$ 124,921</u>	<u>\$ 1,046,999</u>

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
PERSONNEL COSTS						
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
Total personnel costs	\$ 41,353	\$ 70,436	\$ 29,402	\$ 29,402	\$ 14,234	\$ 46,426
EXPENSES						
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	-	-
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	-	-
Total expenses	\$ 56,510	\$ 46,133	\$ 18,905	\$ 18,905	\$ 8,996	\$ 103,564
Total personnel costs and expenses	\$ 97,863	\$ 116,569	\$ 48,307	\$ 48,307	\$ 23,230	\$ 149,990

Other Programs	Total Program Services	Supporting Activities			Total Supporting Activities	Total Expenses
		Fundraising	Management and General			
\$ 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.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

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, 2022 and 2021

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 \$28,316 in 2022 and \$27,008 in 2021. 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 \$9,137 and \$65,942 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021

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.

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.

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.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 2. **Concentration of Credit Risk**

BCCHP maintains cash balances at two financial institutions. All accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, BCCHP had total cash balances of \$300,651. All balances were fully 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:

	2022	2021
Endowment	\$ 385,371	\$ 436,919
Total	\$ 385,371	\$ 436,919

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, 2022, 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.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

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

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

	2022		
	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	192,217	-	192,217
Unendowed expendable fund held at KACF	-	4,922	4,922
Total endowment net assets	\$ 192,217	\$ 193,154	\$ 385,371
	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	\$ 234,388	\$ 202,531	\$ 436,919

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 4. **Endowment Fund (continued)**

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

	2022		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 234,388	\$ 202,531	\$ 436,919
Investment income, net	(42,171)	-	(42,171)
Restricted contribution to			
unendowed expendable fund held at KACF	-	-	-
Funds expended from			
unendowed expendable fund held at KACF	-	(9,377)	(9,377)
Endowment net assets--ending	<u>\$ 192,217</u>	<u>\$ 193,154</u>	<u>\$ 385,371</u>
	2021		
	Without Restriction	With Restriction	Total Endowment Net Assets
Endowment net assets--beginning	\$ 134,727	\$ 188,232	\$ 322,959
Investment income, net	99,661	-	99,661
Restricted contribution to			
unendowed expendable fund held at KACF	-	14,299	14,299
Funds expended from			
unendowed expendable fund held at KACF	-	-	-
Endowment net assets--ending	<u>\$ 234,388</u>	<u>\$ 202,531</u>	<u>\$ 436,919</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.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 4. **Endowment Fund (continued)**

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.

Note 5. **Property and Equipment**

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

	2022			
	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 46,034	\$ -	\$ (7,064)	\$ 38,970
Subtotal	\$ 46,034	\$ -	\$ (7,064)	\$ 38,970
Accumulated depreciation	(29,041)	(5,892)	7,064	(27,869)
TOTAL	<u>\$ 16,993</u>	<u>\$ (5,892)</u>	<u>\$ -</u>	<u>\$ 11,101</u>
	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)
TOTAL	<u>\$ 24,034</u>	<u>\$ (6,568)</u>	<u>\$ (473)</u>	<u>\$ 16,993</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was \$5,892 and \$6,568, respectively.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
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For the Years Ended June 30, 2022 and 2021

Note 6. **Leases**

BCCHP has 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 November 10, 2021, with the first payment due upon signing. The agreement calls for sixty monthly payments of \$173 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.

Future lease payments are as follows:

Year Ended June 30	Lease Payment
2023	\$ 2,077
2024	2,077
2025	2,077
2026	2,077
2027	865
Total	<u>\$ 9,173</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, 2022 and 2021, BCCHP recognized in kind rent expense of \$28,316 and \$27,008 respectively.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 7. **Net Assets With Donor Restrictions**

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

	2022	2021
Purpose restriction:		
CHI Behavioral Health	\$ -	\$ 5,179
Community Well Being	-	33,744
Medica	4,508	-
Donations for food / mental health	6,333	7,055
City of Kearney - COVID-19 relief	1,974	3,219
Expendable fund at KACF	4,922	14,299
Held in perpetuity:		
Endowment With Donor Restrictions	188,232	188,232
Total with donor restrictions	\$ 205,969	\$ 251,728

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 \$26,818 and \$23,964 for the years ended June 30, 2022 and 2021, 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 \$10,308 and \$13,414 for the years ended June 30, 2022 and 2021, 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:

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 10. **Fair Value Measurements (continued)**

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.

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, 2022:

	Level 1	Level 2	Level 3	Total
Funds held by KACF	\$ -	\$ -	\$ 385,371	\$ 385,371

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

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 10. **Fair Value Measurements (continued)**

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, 2021	\$ 436,919
Funds expended	(9,377)
Interest / dividends	8,584
Unrealized gain / loss	(46,392)
Fees	(4,363)
Balance at June 30, 2022	\$ 385,371

Note 11. **Related Party Transactions**

Two of the BCCHP board members are also associated with Kearney Public Schools; one is a board member on the Board of Education, and one is the Superintendent. There were programs at BCCHP that involved working with other organizations in the community to provide training. During the years ended June 30, 2022 and 2021, BCCHP made payments to Kearney Public Schools totaling \$5,290 and \$9,133 respectively.

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, 2020, 2021, and 2022 that remain subject to examination for federal and applicable state income taxes.

BUFFALO COUNTY COMMUNITY HEALTH PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 12. **Uncertain Tax Positions (continued)**

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, 2022:

Cash, including donor restrictions for program operations	\$ 279,702
Endowment appropriation	<u>9,857</u>
Total	<u>\$ 289,559</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.

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 \$455,234 based on the budgeted expenditures for the year ending June 30, 2023. 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 March 18, 2021, Buffalo County Community Health Partners, Inc. received a loan through the U.S. Small Business Administration’s (SBA) Paycheck Protection Program (PPP) for \$65,625. On October 21, 2021 Buffalo County Community Health Partners, Inc. received forgiveness for the full principal amount.

Note 15. **Subsequent Events**

Upon evaluation, BCCHP notes that there were no material subsequent events between the date of the financial statements and November 4, 2022, the date that the financial statements were issued or available to be issued.