

**MENTAL HEALTH ASSOCIATION  
OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

***As of and for the Years Ended June 30, 2021 and 2020***

***And Report of Independent Auditor***

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

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**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF**

*JUNE 30, 2021*

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**BOARD OF DIRECTORS**

Rhonda Ashley-Dixon..... Chair  
Deborah Hennessee ..... Chair Elect  
Read DuPriest..... Secretary  
Sarah Mathews ..... Treasurer  
John Baxter ..... Member At Large  
Troy Chisholm ..... Member At Large  
Nick Mann ..... Member At Large

**EXECUTIVE STAFF**

Tom Starling ..... Chief Executive Officer  
Jacqueline Cavnar..... Chief Operating Officer  
John Dennison ..... Director of Finance  
Amber Hampton ..... Program Director

## Report of Independent Auditor

To the Board of Directors  
Mental Health Association of Middle Tennessee and Subsidiary  
Nashville, Tennessee

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mental Health Association of Middle Tennessee and subsidiary (the "Association") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mental Health Association of Middle Tennessee and subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the state of Tennessee Audit Manual for Auditing, Accounting, and Reporting for Local Governmental Units and Other Organizations, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The Roster of Board of Directors and Executive Staff on page 1, which is the responsibility of management, is of a non-accounting nature and has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the Association'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 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 Mental Health Association of Middle Tennessee and subsidiary's internal control over financial reporting and compliance.

Handwritten signature of Cheryl Bekant in cursive script.

Nashville, Tennessee  
December 8, 2021

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***JUNE 30, 2021 AND 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 923,272	\$ 3,494,728
Investments	2,558,238	-
Grants receivable (Note 3)	94,269	201,913
Unconditional promises to give (Note 4)	16,668	7,516
Other accounts receivable	17,990	9,406
Prepaid expenses and other	31,109	9,177
Inventory	5,429	5,429
Total Current Assets	<u>3,646,975</u>	<u>3,728,169</u>
Other	<u>3,797</u>	<u>3,797</u>
Equipment, furniture, and improvements	158,914	142,104
Less accumulated depreciation	<u>(130,052)</u>	<u>(118,075)</u>
Net Equipment, Furniture, and Improvements	<u>28,862</u>	<u>24,029</u>
<b>Total Assets</b>	<u><u>\$ 3,679,634</u></u>	<u><u>\$ 3,755,995</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 10,034	\$ 95,728
Accrued expenses	23,338	28,306
Deferred revenue	13,849	8,899
Deferred grant revenue	<u>-</u>	<u>125,256</u>
Total Liabilities	<u>47,221</u>	<u>258,189</u>
Net Assets: (Note 7)		
Without Donor Restrictions	3,498,479	3,392,173
With Donor Restrictions	<u>133,934</u>	<u>105,633</u>
Total Net Assets	<u>3,632,413</u>	<u>3,497,806</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,679,634</u></u>	<u><u>\$ 3,755,995</u></u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS***YEAR ENDED JUNE 30, 2021*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Other Support:			
Federal and state contracts and grants	\$ 793,792	\$ -	\$ 793,792
Other grants	167,109	116,668	283,777
Massey Dinner contributions	273,841	-	273,841
General contributions	79,889	-	79,889
Paycheck Protection Program grant revenue	125,256	-	125,256
TSPN Awards Symposium	3,330	-	3,330
Fees and other	58,986	-	58,986
Other special events	1,400	-	1,400
Investment income	70,052	-	70,052
United Way	2,946	7,500	10,446
I.C. Hope revenues	3,837	-	3,837
Net assets released from restrictions	95,867	(95,867)	-
Total Revenue and Other Support	1,676,305	28,301	1,704,606
Expenses:			
Program Services:			
Educational services	641,171	-	641,171
Consumer/family issues services	362,772	-	362,772
Aging services	77,592	-	77,592
Advocacy	81,563	-	81,563
Total Program Services	1,163,098	-	1,163,098
Support Services:			
Fundraising	149,665	-	149,665
Management and general	257,236	-	257,236
Total Support Services	406,901	-	406,901
Total Expenses	1,569,999	-	1,569,999
Change in net assets	106,306	28,301	134,607
Net assets, beginning of year	3,392,173	105,633	3,497,806
Net assets, end of year	\$ 3,498,479	\$ 133,934	\$ 3,632,413

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS***YEAR ENDED JUNE 30, 2020*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Other Support:			
Proceeds from sale of property (Note 11)	\$ 2,720,000	\$ -	\$ 2,720,000
Federal and state contracts and grants	1,625,527	-	1,625,527
Other grants	300,100	-	300,100
Massey Dinner contributions	267,585	-	267,585
General contributions	14,574	92,000	106,574
Paycheck Protection Program grant revenue	84,237	-	84,237
TSPN Awards Symposium	67,324	-	67,324
Fees and other	67,002	-	67,002
Other special events	-	48,109	48,109
Investment income	10,705	-	10,705
United Way	3,108	6,516	9,624
I.C. Hope revenues	2,762	-	2,762
Net assets released from restrictions	125,984	(125,984)	-
Total Revenue and Other Support	5,288,908	20,641	5,309,549
Expenses:			
Program Services:			
Educational services	1,567,111	-	1,567,111
Consumer/family issues services	240,062	-	240,062
Aging services	78,835	-	78,835
Advocacy	79,863	-	79,863
Total Program Services	1,965,871	-	1,965,871
Support Services:			
Fundraising	267,762	-	267,762
Management and general	278,734	-	278,734
Total Support Services	546,496	-	546,496
Total Expenses	2,512,367	-	2,512,367
Change in net assets	2,776,541	20,641	2,797,182
Net assets, beginning of year	615,632	84,992	700,624
Net assets, end of year	\$ 3,392,173	\$ 105,633	\$ 3,497,806

The accompanying notes to the consolidated financial statements are an integral part of these statements.



# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services					Support Services				
	Educational Services	Consumer/ Family Issues Services	Aging Services	Advocacy	Total Program Services	Fundraising	Management and General	Total Support Services	Total All Services	
Salaries and wages	\$ 318,614	\$ 145,032	\$ 47,426	\$ 55,354	\$ 566,426	\$ 79,577	\$ 181,696	\$ 261,273	\$ 827,699	
Professional services	47,535	32,860	525	272	81,192	33,114	13,578	46,692	127,884	
Public relations	-	79,780	-	-	79,780	1,000	-	1,000	80,780	
Travel, conferences, and trainings	32,372	39,669	1,369	20	73,430	1,282	3,076	4,358	77,788	
Printing and publications	52,509	9,344	9,433	-	71,286	4,898	-	4,898	76,184	
Health insurance	36,466	14,351	1,436	6,017	58,270	7,190	7,896	15,086	73,356	
Occupancy	30,006	11,073	3,975	3,394	48,448	3,873	13,090	16,963	65,411	
Payroll taxes	23,625	10,754	3,517	4,105	42,001	5,901	13,473	19,374	61,375	
TVAP	33,830	-	-	-	33,830	-	-	-	33,830	
Audit fees	12,258	4,049	1,637	1,321	19,265	1,667	2,969	4,636	23,901	
Retirement benefits	4,531	4,322	1,859	1,665	12,377	1,903	7,160	9,063	21,440	
Equipment rental and maintenance	9,011	3,236	736	421	13,404	708	4,409	5,117	18,521	
Telephone	15,031	-	-	-	15,031	-	-	-	15,031	
Depreciation	7,197	2,859	-	546	10,602	768	607	1,375	11,977	
Office supplies	2,689	-	2,726	3,589	9,004	51	-	51	9,055	
General and liability insurance	4,049	1,349	567	466	6,431	586	1,025	1,611	8,042	
Internet fees	6,616	-	-	-	6,616	-	-	-	6,616	
Life and disability insurance	2,221	1,064	373	355	4,013	537	970	1,507	5,520	
Licenses and permits	33	449	449	-	931	3,978	210	4,188	5,119	
Bank and credit card fees	29	-	-	-	29	556	3,608	4,164	4,193	
Workers' compensation	678	778	314	259	2,029	324	1,487	1,811	3,840	
Public policy/advocacy	-	-	-	3,650	3,650	-	-	-	3,650	
Dues and memberships	-	1,664	250	129	2,043	-	229	229	2,272	
Postage	294	33	1,000	-	1,327	707	-	707	2,034	
Reimbursed expenses	-	-	-	-	-	-	1,099	1,099	1,099	
Mental Health University	1,061	-	-	-	1,061	-	-	-	1,061	
Bad debt expense	-	-	-	-	-	1,000	-	1,000	1,000	
State unemployment tax	516	106	-	-	622	45	189	234	856	
Staff appreciation	-	-	-	-	-	-	367	367	367	
Miscellaneous expense	-	-	-	-	-	-	98	98	98	
	\$ 641,171	\$ 362,772	\$ 77,592	\$ 81,563	\$ 1,163,098	\$ 149,665	\$ 257,236	\$ 406,901	\$ 1,569,999	

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services					Support Services			Total All Services
	Educational Services	Consumer/Family Issues Services	Aging Services	Advocacy	Total Program Services	Fundraising	Management and General	Total Support Services	
Salaries and wages	\$ 712,151	\$ 125,780	\$ 49,576	\$ 54,923	\$ 942,430	\$ 90,264	\$ 194,229	\$ 284,493	\$ 1,226,923
Printing and publications	267,390	6,262	7,862	35	281,549	4,323	467	4,790	286,339
Travel, conferences, and training	195,397	19,577	4,561	2,692	222,227	543	4,401	4,944	227,171
Employee benefits	104,112	17,522	3,555	7,685	132,874	11,177	15,401	26,578	159,452
Professional fees	34,936	28,386	1,315	1,456	66,093	34,311	26,821	61,132	127,225
Massey fundraising event	-	-	-	-	-	102,346	-	102,346	102,346
Payroll taxes	54,067	10,157	3,950	4,689	72,863	7,715	15,380	23,095	95,958
Rent	50,452	8,714	2,813	2,780	64,759	4,808	8,178	12,986	77,745
Supplies	32,811	3,543	227	25	36,606	3	2,660	2,663	39,269
Equipment rental and maintenance	23,458	3,603	1,625	485	29,171	4,452	2,789	7,241	36,412
Telephone	17,274	1,492	610	479	19,855	731	1,091	1,822	21,677
Loss on asset disposal	19,428	-	-	-	19,428	-	-	-	19,428
Depreciation	14,595	2,014	-	546	17,155	64	1,024	1,088	18,243
Mental Health University	16,459	-	-	-	16,459	-	-	-	16,459
TVAP	12,130	-	-	-	12,130	-	-	-	12,130
Dues and memberships	175	6,925	285	-	7,385	225	340	565	7,950
Insurance	5,412	819	341	274	6,846	419	618	1,037	7,883
Internet fees	4,813	532	199	144	5,688	1,013	329	1,342	7,030
Miscellaneous expense	-	-	1,200	-	1,200	3,858	102	3,960	5,160
Public policy	-	845	-	3,650	4,495	-	-	-	4,495
Staff appreciation	-	-	-	-	-	-	3,652	3,652	3,652
Meeting	-	1,969	-	-	1,969	-	38	38	2,007
Bank fees	369	-	-	-	369	1,076	493	1,569	1,938
Public relations	-	1,803	-	-	1,803	-	-	-	1,803
Postage	837	78	241	-	1,156	194	197	391	1,547
Licenses and permits	43	41	475	-	559	240	289	529	1,088
Cost of educational materials	802	-	-	-	802	-	-	-	802
Interest expense	-	-	-	-	-	-	235	235	235
	<u>\$ 1,567,111</u>	<u>\$ 240,062</u>	<u>\$ 78,835</u>	<u>\$ 79,863</u>	<u>\$ 1,965,871</u>	<u>\$ 267,762</u>	<u>\$ 278,734</u>	<u>\$ 546,496</u>	<u>\$ 2,512,367</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**CONSOLIDATED STATEMENTS OF CASH FLOWS***YEARS ENDED JUNE 30, 2021 AND 2020*

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 134,607	\$ 2,797,182
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Loss of disposal of fixed assets	-	19,428
Realized and unrealized gains on investments	(54,757)	-
Depreciation	11,977	18,243
Gain from sale of property	-	(2,720,000)
Changes in operating assets and liabilities:		
Grants receivable	107,644	(101,163)
Unconditional promises to give	(9,152)	10,403
Other accounts receivable	(8,584)	11,077
Prepaid expenses and other	(21,932)	42,455
Inventory	-	802
Accounts payable	(85,694)	77,354
Accrued expenses	(4,968)	(58,279)
Deferred revenue	4,950	738
Deferred grant revenue	(125,256)	125,256
Net cash flows from operating activities	<u>(51,165)</u>	<u>223,496</u>
<b>Cash flows from investing activities:</b>		
Investment purchases	(2,503,481)	-
Proceeds from sale of property	-	2,720,000
Purchase of equipment, furniture, and improvements	(16,810)	(22,005)
Net cash flows from investing activities	<u>(2,520,291)</u>	<u>2,697,995</u>
Change in cash and cash equivalents	(2,571,456)	2,921,491
Cash and cash equivalents, beginning of year	3,494,728	573,237
Cash and cash equivalents, end of year	<u>\$ 923,272</u>	<u>\$ 3,494,728</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### **Note 1—Nature of operations and summary of significant accounting policies**

*General* – Mental Health Association of Middle Tennessee and subsidiary (doing business as Mental Health America of the MidSouth) (the “Association”) is a nonprofit organization that provides community education about mental health illnesses and advocates for the rights and needs of persons with mental illnesses. The Association is primarily funded by government grants, private grants, and donations.

*Principles of Consolidation* – The accompanying consolidated financial statements for the year ended June 30, 2021 include the accounts of Mental Health Association of Middle Tennessee and its subsidiary, MHA BOSS, LLC. All intercompany transactions and balances have been eliminated in consolidation.

Mental Health Association of Middle Tennessee owns a 100% membership interest in a single member limited liability company, MHA BOSS, LLC. (“BOSS”). BOSS was formed during fiscal year ended June 30, 2021 to conduct activities to provide a variety of short-term, ongoing, and long-term back office support services to other nonprofit organizations. As BOSS’ activity was previously included in the Association’s consolidated financial statements and BOSS is under the common control of the Association, all periods presented herein are consolidated.

*Consolidated Financial Statement Presentation* – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting prescribed for not-for-profit organizations. Under these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent unconditional promises to give and amounts available for programs.

*Estimates* – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Contributions* – Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

*Allowance for Uncollectible Amounts* – Management believes amounts receivable from grantor agencies and unconditional promises to give are fully collectible for the years ended June 30, 2021 and 2020. As a result, no allowance for uncollectible amounts has been provided.

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### **Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Donated Services* – Volunteers have donated significant amounts of their time to the Association's program services. These amounts have not been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under U.S. GAAP has not been satisfied.

*Cash and Cash Equivalents* – For purposes of the statements of cash flows, the Association considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash balances are sometimes maintained in excess of Federal Deposit Insurance Corporation insured amounts. The Association has not experienced any losses in such accounts. In management's opinion, risk related to such concentrations is not significant. Uninsured balances at June 30, 2021 and 2020 totaled approximately \$602,000, and \$3,066,000, respectively.

*Liquidity* – Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

*Investments* – Investments are stated at fair value on a recurring basis. Realized gains and losses as well as unrealized appreciation or depreciation in fair value are reflected in the accompanying consolidated financial statements.

*Equipment, Furniture, and Improvements* – The Association capitalizes assets over \$1,000 and records them at cost or fair market value at the date of acquisition. Depreciation of equipment and furniture is provided over the estimated useful lives (ranging from three to five years) on a straight-line basis. All fixed assets acquired with grant funding are considered a contribution at the time the asset is acquired, it is recorded at cost or fair value at the date of acquisition and depreciated over the life of the asset.

*Deferred Revenue* – Deferred revenue includes I.C. Hope licensing proceeds received. The Association currently has I.C. Hope licensing agreements, which vary in duration. Proceeds received from the licensing agreements are being amortized over the term of the agreement.

*Deferred Grant Revenue* – Deferred grant revenue at June 30, 2020 includes proceeds from the Paycheck Protection Program ("PPP") loan granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). See Note 5 for additional information.

*Allocation of Functional Expenses* – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort as well as community grants and related expenses which have been allocated based on money spent.

*Income Taxes* – The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is not a private foundation as defined in Section 509(a) of the IRC. Accordingly, no provision for income tax has been made.

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 1—Nature of operations and summary of significant accounting policies (continued)

*Adoption of New Accounting Pronouncements* – In May 2014, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Association adopted the provisions of ASU 2014-09 as of July 1, 2020, using the modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of July 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption of this ASU.

*Accounting Policies for Future Pronouncements* – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities and changes in net assets. This standard will be effective for the fiscal year ending June 30, 2023. The Association is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements. See Note 8 for disclosure regarding the Association’s current operating leases.

*Subsequent Events* – The Association evaluated subsequent events through December 8, 2021, when these consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

### Note 2—Liquidity and availability

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing activities of connecting the community with specialized mental health and wellness resources and providing services that improve the quality of life, and promote effective services where mental health needs exist, as well as the conducting of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 923,272	\$ 3,494,728
Investments	2,558,238	-
Grants receivable	94,269	201,913
Unconditional promises to give	16,668	7,516
Other accounts receivable	17,990	9,406
Total financial assets	3,610,437	3,713,563
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	(133,934)	(105,633)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,476,503	\$ 3,607,930

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 3—Grants receivable

Funds received from the state of Tennessee Department of Mental Health and Substance Abuse Services are to be used for the general support of the following programs:

*Tennessee Suicide Prevention Network (TSPN)* – a statewide program designed to provide resources for the community to identify suicide warning signs. This grant was not awarded for the year ended June 30, 2021.

*Erasing the Stigma (ETS)* – a program designed to educate the public about mental illness and eliminate the stigma associated with it.

The Association also receives funds from the U.S. Committee for Refugees and Immigrants for the following program:

*Multicultural Outreach Program (MOP)* – a program designed to connect unaccompanied minors to health, mental health, financial, and legal resources and to provide monthly support groups for women and teens.

In addition, the Association receives funds from the Substance Abuse and Mental Health Services Administration (“SAMHSA”) for the following program:

*Equipping Tennessee’s First Responders and Educators* – a program designed to provide Mental Health First Aid trainings to first responders and educators in Middle and West Tennessee.

*Zero Suicide Initiative* – a program designed to address suicide prevention by partnering with Tennessee-based collaborators.

The Association also receives funds from the U.S. Department of Justice for the following program:

*Project to Reduce Injury and Death Related to Elder Dementia (PRIDE-D)* – a program designed to aid in the search for missing Alzheimer’s disease patients.

Funds received from the Greater Nashville Regional Council are to be used for the general support of the In-Home Education program, which provides education to caregivers and families of persons with Alzheimer’s disease or related dementia. Funds received from the National Institute of Mental Health are to be used for the general support of the Outreach Partnership program, which disseminates information and promotes research study participation in areas related to mental health.

Grants receivable consist of the following at June 30:

	2021	2020
State of Tennessee - TSPN	\$ -	\$ 163,147
MOP - Home Study and Post Release Services for Unaccompanied Children	41,148	18,087
SAMHSA - Equipping Tennessee's First Responders Program	34,396	8,760
State of Tennessee - ETS	15,296	7,021
DOJ - Missing Alzheimer's Disease Patient Assistance Program	2,379	3,498
Greater Nashville Regional Council - In-Home Education Program	1,050	1,400
	<u>\$ 94,269</u>	<u>\$ 201,913</u>

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 4—Unconditional promises to give

Unconditional promises to give consist of the following at June 30:

	2021	2020
United Way grants, receivables due in less than one year	\$ 7,500	\$ 6,516
Mental Health University	9,168	-
Contributions	-	1,000
	<u>\$ 16,668</u>	<u>\$ 7,516</u>

### Note 5—Paycheck Protection Program (“PPP”) Loan

The Association received a PPP loan in the amount of \$209,493. The PPP loan is granted by the Small Business Administration under the CARES Act. PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Association does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The loan balance and any accumulated interest was forgiven in its entirety on April 30, 2021. The Association recognized \$84,237 and \$125,256 in grant revenue during the years ended June 30, 2020 and 2021, respectively.

### Note 6—Fair value measurement of investments

The Association has adopted the provisions of the *Fair Value Measurement* topic of FASB ASC. This guidance establishes a framework for measuring fair value of financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the 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.



# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### Note 6—Fair value measurement of investments (continued)

The asset's 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. A description of valuation methodology used for assets measured at fair value are as follows:

*Equity and Fixed Income Securities* – valued at the closing price reported on the active market on which the securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair values of the Association's investments (all Level 1) at June 30 were as follows:

	2021	2020
Publicly traded equity securities	\$ 1,374,546	\$ -
Fixed income funds	750,548	-
Cash sweep	433,144	-
	<u>\$ 2,558,238</u>	<u>\$ -</u>

### Note 7—Restrictions on net assets

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2021	2020
Jammin' to Beat the Blues	\$ -	\$ 48,109
Other contributions	50,037	30,943
Baptist Healing Trust	39,583	-
Frist Technology Grant	25,000	20,065
The Assisi Foundation	11,814	-
United Way grants and designations	7,500	6,516
	<u>\$ 133,934</u>	<u>\$ 105,633</u>

### Note 8—Operating lease commitments

Effective January 1, 2021, the Association entered into a lease agreement for office space. The lease requires monthly lease payments beginning January 2021 in the amount of \$5,146, increasing approximately 3.7% annually through expiration. The lease expires December 31, 2025. The agreement required a security deposit of \$3,797.

The Association also maintains various leases for office equipment.

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### Note 8—Operating lease commitments (continued)

Rent expense under operating leases for the years ended June 30, 2021 and 2020 was \$65,410 and \$77,745, respectively.

Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2021 are as follows:

#### Year Ending June 30,

2022	\$	62,892
2023		65,180
2024		67,467
2025		69,753
2026		35,448
	\$	<u>300,740</u>

### Note 9—Employee benefit plan

The Association has a tax deferred annuity plan covering employees who have reached age 21, have been employed for one year and work at least 30 hours per week. Total contributions made to the plan were \$21,439 and \$22,339 for the years ended June 30, 2021 and 2020, respectively.

### Note 10—Concentrations

The Association receives a substantial amount of its support from government grants and contracts. A significant reduction in the level of this support, if this were to occur, could have a negative effect on the Association's programs and activities. In addition, the funding received by the Association from governmental agencies is subject to audit and retroactive adjustment.

### Note 11—Proceeds from sale of property

During 2017, the Association had entered into a contract with a Nashville nonprofit organization (the "Organization") related to the sale of property originally acquired by the Association and subsequently conveyed to the Organization with a related sale contingency. According to the terms of the contract, the Association would receive the greater of \$1,800,000 or 20% of the bona fide gross sales price received by the Organization for the sale of the property to a third party buyer, payable in cash at the closing of the sale. The property was sold on January 15, 2020 for \$13,500,000; therefore, 20% of the selling price, \$2,700,000, was received by the Association in 2020. Also included in proceeds from the sale of property is \$20,000 received in September 2019 as consideration for extending the closing date for the sale of the property.

### Note 12—Contingency

Late in December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen which could potentially impact revenue and other support for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. It is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact.

## **SUPPLEMENTARY INFORMATION**

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS***YEAR ENDED JUNE 30, 2021*

	<b>Federal Assistance Number</b>	<b>Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>Federal Awards:</b>			
<b>U.S. Dept. of Health &amp; Human Services</b>			
Substance Abuse and Mental Health Services Administration (SAMHSA) Zero Suicide Initiative	93.243	6H79SM083448-01M002	\$ 214,382
Substance Abuse and Mental Health Services Administration (SAMHSA) Equipping Tennessee's First Responders	93.243	5H79SM081077-03	100,746
Total CFDA 93.243			315,128
Special Programs for the Aging, Title III Part B, Grants for Supportive Services, and Senior Centers <i>Pass-through from Greater Nashville Regional Council*</i>	93.044	2020-2021	8,020
Total CFDA 93.044			8,020
U.S. Committee for Refugees and Immigrants, Home Study, and Post Release Services for Unaccompanied Children	93.676	90ZU0192-01-00	44,357
	93.676	90ZU0357-01-00	132,717
Total CFDA 93.676			177,074
U.S. Committee for Refugees and Immigrants, Trafficking Victim Assistance Program	93.598	90ZV0135-01-00	52,556
Total CFDA 93.598			52,556
U.S. Department of Justice, Missing Alzheimer's Disease Patient Assistance Program	16.015	2020-J1-BX-0006	36,827
			36,827
Total Federal Awards			589,605
<b>State Awards:</b>			
Tennessee Department of Mental Health and Substance Abuse Services <i>Erase the Stigma (ETS)</i>	N/A	65995	127,196
TN Department of Finance and Administration, Office of Criminal Justice Programs <i>Training in Mental Health First Aid for first responders (MHFA)</i>	N/A	42722	61,974
Total State Awards			189,170
Total Federal and State Awards			\$ 778,775

\* Grant represents pass-through federal funds.

# **MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

## **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*YEAR ENDED JUNE 30, 2021*

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### **Note 1—Basis of accounting**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") summarizes the expenditures of Mental Health Association of Middle Tennessee and subsidiary (the "Association") under programs of the federal and state governments for the year ended June 30, 2021. The Schedule is presented using the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the state of Tennessee Audit Manual for Auditing, Accounting, and Reporting for Local Government Units and Other Organizations.

### **Note 2—Indirect cost allocation**

The Association did not elect to use the 10% de minimis indirect cost rate.

### **Note 3—Contingencies**

These programs are subject to financial and compliance audits by the grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Association expects such amounts, if any, to be immaterial.

**Report of Independent Auditor 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***

To the Board of Directors  
Mental Health Association of Middle Tennessee and subsidiary  
(doing business as Mental Health America of the MidSouth)  
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Mental Health Association of Middle Tennessee and subsidiary (the "Association") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 8, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Association's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's consolidated 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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cheng Bekant LLP

Nashville, Tennessee

December 8, 2021

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

*YEAR ENDED JUNE 30, 2021*

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There were no prior findings reported.