

Hamm Memorial Psychiatric Clinic

St. Paul, Minnesota

Financial Statements

Years Ended June 30, 2021 and 2020



WIPFLI

Independent Auditor's Report

Board of Directors
Hamm Memorial Psychiatric Clinic
St. Paul, Minnesota

We have audited the accompanying financial statements of Hamm Memorial Psychiatric Clinic, which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows 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 accounting principles generally accepted in the United States; this includes 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 audits. We conducted our audits in accordance with auditing standards generally accepted in 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 financial position of Hamm Memorial Psychiatric Clinic as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

October 28, 2021
Minneapolis, Minnesota

Hamm Memorial Psychiatric Clinic

Balance Sheets

June 30,	2021	2020
Current assets:		
Cash and cash equivalents	\$ 1,794,365	\$ 1,495,094
Investments	496,698	400,400
Receivables:		
Patient accounts - Net	127,399	159,701
Other	39,600	30,010
Prepaid expenses	56,015	50,821
Total current assets	2,514,077	2,136,026
Property and equipment:		
Furniture and fixtures	78,365	78,365
Equipment	70,639	70,638
Leasehold improvements	15,854	15,854
Office electronics	355,885	339,724
Total property and equipment	520,743	504,581
Less - Accumulated depreciation	500,356	493,310
Property and equipment - Net	20,387	11,271
Other assets -		
The Saint Paul Foundation - Endowment funds	551,679	424,949
TOTAL ASSETS	\$ 3,086,143	\$ 2,572,246

Hamm Memorial Psychiatric Clinic

Balance Sheets (Continued)

June 30,	2021	2020
Current liabilities:		
Current portion of capital lease	\$ 3,196	\$ 3,003
Current maturities of paycheck protection program loan payable	-	138,620
Accounts payable	29,032	52,072
Accrued expenses	272,939	174,375
Refundable advance	-	10,000
Total current liabilities	305,167	378,070
Long-term liabilities:		
Long-term capital lease obligations - Less current portion	5,486	8,682
Paycheck protection program loan payable - Net	-	174,580
Total long-term liabilities	5,486	183,262
Total liabilities	310,653	561,332
Net assets:		
Without donor restrictions	2,132,978	1,557,173
With donor restrictions	642,512	453,741
Total net assets	2,775,490	2,010,914
TOTAL LIABILITIES AND NET ASSETS	\$ 3,086,143	\$ 2,572,246

See accompanying notes to financial statements.

Hamm Memorial Psychiatric Clinic

Statements of Activities

Year Ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Revenue:			
Patient service revenue - Net	\$ 1,253,990	\$ -	\$ 1,253,990
Seminar fee and other	107,494	-	107,494
Total revenue	1,361,484	-	1,361,484
Other support:			
Grants and contributions	1,547,163	221,859	1,769,022
Forgiveness of Paycheck Protection Program loan	313,200	-	313,200
Investment loss	(207)	-	(207)
Investment loss - Endowment funds	-	127,959	127,959
Net assets released from restrictions	161,047	(161,047)	-
Total other support	2,021,203	188,771	2,209,974
Total revenue and other support	3,382,687	188,771	3,571,458
Expenses:			
Program services	2,153,804	-	2,153,804
Management and general	537,352	-	537,352
Fundraising	115,726	-	115,726
Total expenses	2,806,882	-	2,806,882
Change in net assets	575,805	188,771	764,576
Net assets at beginning	1,557,173	453,741	2,010,914
Net assets at end	\$ 2,132,978	\$ 642,512	\$ 2,775,490

Hamm Memorial Psychiatric Clinic

Statements of Activities (Continued)

Year Ended June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Revenue:			
Patient service revenue - Net	\$ 1,019,867	\$ -	\$ 1,019,867
Seminar fee and other	34,127	-	34,127
Total revenue	1,053,994	-	1,053,994
Other support:			
Grants and contributions	1,625,056	11,569	1,636,625
Investment income	10,699	-	10,699
Investment return - Endowment funds	-	(11,189)	(11,189)
Net assets released from restrictions	901	(901)	-
Total other support	1,636,656	(521)	1,636,135
Total revenue and other support	2,690,650	(521)	2,690,129
Expenses:			
Program services	1,890,664	-	1,890,664
Management and general	691,052	-	691,052
Fundraising	86,342	-	86,342
Total expenses	2,668,058	-	2,668,058
Change in net assets	22,592	(521)	22,071
Net assets at beginning	1,534,581	454,262	1,988,843
Net assets at end	\$ 1,557,173	\$ 453,741	\$ 2,010,914

See accompanying notes to financial statements.

Hamm Memorial Psychiatric Clinic

Statements of Functional Expenses

Year Ended June 30, 2021	Clinical Services	Training and Professional Development	Research and Publication	Community Outreach	Total Program	Management and General	Fundraising	Total
Salaries	\$ 1,331,142	\$ 162,166	\$ 10,223	\$ 56,987	\$ 1,560,518	\$ 171,401	\$ 26,530	\$ 1,758,449
Employee benefits	266,448	28,992	2,135	11,901	309,476	35,253	5,540	350,269
Professional fees	49,766	4,310	5,602	617	60,295	227,430	54,712	342,437
Occupancy	148,032	20,157	1,742	3,513	173,444	19,939	3,714	197,097
Depreciation	3,523	-	-	-	3,523	3,523	-	7,046
Office supplies	10,517	1,191	88	489	12,285	6,605	228	19,118
Miscellaneous	29,888	4,199	27	149	34,263	73,201	25,002	132,466
Totals	\$ 1,839,316	\$ 221,015	\$ 19,817	\$ 73,656	\$ 2,153,804	\$ 537,352	\$ 115,726	\$ 2,806,882

Year Ended June 30, 2020	Clinical Services	Training and Professional Development	Research and Publication	Community Outreach	Total Program	Management and General	Fundraising	Total
Salaries	\$ 1,143,966	\$ 162,142	\$ 16,885	\$ 3,563	\$ 1,326,556	\$ 325,324	\$ 24,475	\$ 1,676,355
Employee benefits	246,653	36,325	4,168	880	288,026	79,639	6,042	373,707
Professional fees	46,544	4,773	9,104	60	60,481	215,652	32,466	308,599
Occupancy	145,421	21,377	2,062	1,611	170,471	25,837	3,810	200,118
Depreciation	3,919	-	-	-	3,919	3,918	-	7,837
Office supplies	8,728	1,293	148	31	10,200	6,219	215	16,634
Miscellaneous	25,661	4,557	41	752	31,011	34,463	19,334	84,808
Totals	\$ 1,620,892	\$ 230,467	\$ 32,408	\$ 6,897	\$ 1,890,664	\$ 691,052	\$ 86,342	\$ 2,668,058

See accompanying notes to financial statements.

Hamm Memorial Psychiatric Clinic

Statements of Cash Flows

Year Ended June 30,	2021	2020
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 764,576	\$ 22,071
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net unrealized and realized gains	-	(610)
Depreciation	7,046	7,837
Investment return - Endowment funds	(127,959)	11,189
Contributions restricted for endowment	(17,330)	(250)
Forgiveness on paycheck protection program loan payable	(313,200)	-
Changes in operating assets and liabilities:		
Patient accounts receivable	32,302	(36,915)
Other receivables	(9,590)	(28,617)
Prepaid expenses	(5,194)	(6,404)
Accounts payable	(23,040)	16,880
Accrued expenses	98,564	51,070
Refundable advance	(10,000)	10,000
Total adjustments	(368,401)	24,180
Net cash flows from operating activities	396,175	46,251
Cash flows from investing activities:		
Change in investments	-	400,000
Disbursements from endowment funds	18,559	18,124
Purchases of property and equipment	(16,162)	-
Net cash flows from investing activities	2,397	418,124
Cash flows from financing activities:		
Principal payments on capital lease obligations	(3,003)	(2,820)
Proceeds from paycheck protection program loan	-	313,200
Net cash flows from financing activities	(3,003)	310,380
Net change in cash and cash equivalents	395,569	774,755
Cash and cash equivalents at beginning	1,895,494	1,120,739
Cash and cash equivalents at end	\$ 2,291,063	\$ 1,895,494

Hamm Memorial Psychiatric Clinic

Statements of Cash Flows (Continued)

Reconciliation of cash and cash equivalents to the balance sheets:

Year Ended June 30,	2021	2020
Cash and cash equivalents	\$ 1,794,365	\$ 1,495,094
Cash and cash equivalents in investments	496,698	400,400
Cash and cash equivalents at end	\$ 2,291,063	\$ 1,895,494

See accompanying notes to financial statements.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Description of Organization

Hamm Memorial Psychiatric Clinic (the "Clinic") provides a variety of outpatient mental health and related services to adults and operates in the Twin Cities metropolitan area.

The Clinic offers a full spectrum of outpatient mental health services in English and Spanish, including:

Clinical Services - The Clinic seeks to treat symptoms and also to help clients gain insight into and understanding of their behavior. The Clinic team comprises clinical social workers, psychologists, and psychiatrists working together to improve mental health.

Training and Professional Development - The Clinic's training program provides specialized training and education for graduates and post-graduates in clinical social work, psychology, and psychiatry. The Clinic's comprehensive approach to training enables students to provide direct client care under close supervision.

Research and Publication - The Clinic conducts effectiveness research. Effectiveness research seeks to determine whether the treatment at the Clinic is effective in a community mental health center setting with a variety of clients.

Community Outreach - The Clinic works to educate the public about mental health issues and promotes the value of good mental health. It also works to be a voice in the community for persons with mental illness and to improve public awareness of the scope of influence adult mental illness has on the community.

Financial Statement Presentation

The Clinic follows accounting standards set by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Clinic considers highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments or that are restricted.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Credit Policy

Patient Accounts

Patient accounts receivable are reported at the amount that reflects the consideration to which the Clinic expects to be entitled in exchange for providing patient care services. Patient accounts receivable are recorded in the accompanying balance sheets net of contractual adjustments, discounts, and implicit price concessions, which reflects management's estimate of the transaction price. The Clinic estimates the transaction price based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions and is recorded through a reduction of gross revenue and a credit to patient accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. The Clinic does not have a policy to charge interest on past due accounts.

Other

Other receivables include uncollateralized obligations for services performed and other amounts due to the Clinic. Management believes the other receivables are fully collectible; therefore, no allowance for doubtful accounts was recorded at June 30, 2021 and 2020.

Investments

Investments are measured at fair value in the accompanying balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenue and other support without donor restrictions, unless the income or loss is restricted by donor or law.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Leasehold improvements are depreciated and equipment under capital lease obligations is amortized over the shorter period of the estimated useful life or the remaining term of the lease using the straight-line method. Estimated useful lives for leasehold improvements, furniture and fixtures, office electronics, and equipment range from three to seven years.

Purchases of property and equipment having a cost of \$2,000 or more and an estimated useful life of more than one year are capitalized.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Clinic and include those expendable resources which have been designated for special use by the Clinic's Board of Directors. Net assets with donor restrictions are those whose use by the Clinic has been limited by donors to a specific time period or purpose or which have been restricted by donors to be maintained by the Clinic in perpetuity.

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Clinic expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments resulting from settlement of audits, reviews, and investigations. Generally, the Clinic bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided. For revenue from services provided to patients of the Clinic, the performance obligation is satisfied as the patient simultaneously receives and consumes the benefits provided as the patient care services are performed. In the case of these services, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Clinic believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Service Revenue (Continued)

The Clinic determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Clinic's policy, and implicit price concessions provided to patients. The Clinic determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The Clinic determines its estimate of implicit price concessions based on its historical collection experience for each patient portfolio based on payor class and service type.

The Clinic has agreements with third-party payers, including the Minnesota Department of Human Services (Medicaid) and commercial insurance carriers that provide for reimbursement at amounts which vary from its established rates. The basis for payment to the Clinic under these agreements includes prospectively determined rates and discounts from established charges.

Laws and Regulations

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. Because of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which in some instances have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Clinic's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon the Clinic.

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Clinic has not been notified by the RAC of any potential significant reimbursement adjustments. In addition, the contracts the Clinic has with commercial payors also provide for retroactive audit and review of claims.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Service Revenue (Continued)

Accounting for Contractual Arrangements

Adjustments arising from a change in the transaction price was not significant in 2021 and 2020.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Clinic also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Clinic estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2021 and 2020, was not significant.

Consistent with the Clinic's mission, care is provided to patients regardless of their ability to pay. Therefore, the Clinic has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Clinic expects to collect based on its collection history with those patients.

The promised amount of consideration from patients and third-party payors have not been adjusted for the effects of a significant financing component due to the Clinic's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Clinic does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

All incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Clinic otherwise would have recognized is one year or less in duration.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions

Contributions are considered available for use without restriction unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the Clinic are reported at fair value at the date the promise is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

In-Kind Contributions

Donated goods and services are reflected in the accompanying financial statements at their estimated fair values at the date of receipt to the extent that those services required specialized skills which, if not provided by donations, would have to be purchased by the Clinic. In-kind contributions are presented as a revenue and offsetting program cost.

Functional Expenses

The costs of providing programs and services have been summarized on a functional basis. Salaries and related expenses are allocated based on job descriptions and systematically by management based on the program benefited. Expenses, other than salaries and related expenses, that are not directly identifiable by program or supporting service are allocated systematically by management based on the program benefited.

Income Taxes

The Clinic is a publicly supported tax-exempt corporation as described described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income. The Clinic is also exempt from state income taxes under similar provisions of the Minnesota Statutes.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in ASU No. 2014-09 is that 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 Clinic adopted this guidance as of July 1, 2020. The Clinic applied Topic 606 on a full retrospective basis. The implementation of this ASU resulted in a change in bad debt presentation, which is reported as an operating expense, rather than a net patient service revenue deduction. Under this ASU, management's initial estimate of the transaction price includes implicit price concessions, rather than these concessions previously being reported as provision for doubtful accounts.

The following line items on the statement of activities for the year ended June 30, 2020, were affected by the adoption of this guidance:

	As Previously Reported	As Restated	Effect of Change
Net patient service revenue - Net of contractual allowance and discount	\$ 1,068,413	\$ -	\$ (1,068,413)
Less - Provision for doubtful accounts	(48,546)	-	48,546
Patient service revenue - Net	1,019,867	1,019,867	-

Future Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The objective of this ASU is to assist organizations in recognizing the right to use of an asset and its related liability or obligation when there is a contract in place that includes the right to control or direct the use of an identifiable asset. This ASU also includes provisions whereby the majority of leases that have lease terms greater than one year are to be recorded as capital leases on the balance sheet, whereas in the past these leases might have been recorded as either capital leases or operating leases. This ASU is effective for the Clinic's year ending June 30, 2023. Management is evaluating the impact this pronouncement will have on the Clinic.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through October 28, 2021, which is the date the financial statements were available to be issued.

Note 2: Receivables - Net

Receivables - net consisted of the following at June 30:

	2021	2020
Patient accounts receivable	\$ 261,399	\$ 293,701
Less: Contractual adjustments and implicit price concessions	134,000	134,000
Patient accounts receivable - Net	127,399	159,701
Other	39,600	30,010
Total receivables - Net	\$ 166,999	\$ 189,711

The Clinic's receivables as of July 1, 2019, was \$124,179.

Note 3: Investments

Investments consisted of cash and cash equivalents of \$496,698 and \$400,400 as of June 30, 2021 and 2020, respectively.

Investment Income

Investment income, including net realized gains (losses) on investments, consisted of the following for the years ended June 30:

	2021	2020
Cash and cash equivalents - Interest income	\$ 1,337	\$ 5,779
Investments:		
Investment income	44	4,310
Realized gains (losses)	(1,588)	610
Investment income (loss)	\$ (207)	\$ 10,699

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 4: Liquidity

The following reflects the Clinic's financial assets and liquidity as of the balance sheet dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet dates. Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled capital lease or debt payments, and capital items, were as follows at June 30:

	2021	2020
Cash and cash equivalents	\$ 1,794,365	\$ 1,495,094
Investments	496,698	400,400
Patient accounts receivable - Net	127,399	159,701
Other receivables	39,600	30,010
Total financial assets available for general expenditure within one year	\$ 2,458,062	\$ 2,085,205

Note 5: Lease Commitments

The Clinic leases a copier under a capital lease. The Clinic entered into the lease obligation at an imputed interest rate of 6.25%, with payments due in monthly installments of \$304 through January 2024, collateralized by the leased equipment.

Future minimum payments under the capital lease obligation consist of the following at June 30, 2021:

2022	\$	3,648
2023		3,648
2024		2,128
Total		9,424
Less - Amount representing interest		742
Present value of minimum lease payments		8,682
Less - Current portion		3,196
Long-term capital lease obligations	\$	5,486

Cost of equipment under the capital lease obligation, which is included in equipment, was \$15,630 at June 30, 2021 and 2020. Accumulated depreciation of equipment under the capital lease obligation was \$7,555 and \$4,429 at June 30, 2021 and 2020, respectively.

The Clinic leases office space under an operating lease. A lease was signed on April 6, 2012, for a term of five years and three months. The original lease expired on June 30, 2017. A lease amendment was signed on June 9, 2017, for a three-year term. The amended lease expired on June 30, 2020. The Clinic currently rents the office space on a month to month basis until a new lease agreement is signed.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 5: Lease Commitments (Continued)

Rent expense was \$135,452 and \$148,975 for the years ended June 30, 2021 and 2020, respectively.

Note 6: Paycheck Protection Program Loan

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designated to help small businesses cover their near-term operating expenses and to provide an incentive to retain their employees during the COVID-19 crisis. The Clinic applied for and was approved for a loan of \$313,200 that may be partially or fully forgiven based on the level of employee retention and if utilized for payroll costs, mortgage obligations, rent, or utilities within a specified covered period and in accordance with the terms and conditions of the PPP loan. On February 24, 2021, the Clinic was notified by the bank that the PPP loan was forgiven and is considered paid in full.

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions include assets set aside in accordance with donor restrictions as to time or use. Net assets with donor restrictions were available for the following purposes at June 30:

	2021	2020
Held for seeking safety from persecution - Asylum assessment services program	\$ 9,932	\$ -
Held for general support to increase access and equity of mental health services	40,000	-
Held for early intervention program for mental illness in youth	40,000	-
Endowment to be held in perpetuity - Nonprofit endowment - Held at the Foundation	26,157	21,047
Endowment to be held in perpetuity - Dr. James J. Jordan Endowment for Psychiatry - Held at the Foundation	525,522	403,902
Held for addition to Hart-Fitzpatrick Endowment	901	-
Held for addition to Dr. James J. Jordan Endowment for Psychiatry	-	6,200
COVID-19 costs and education	-	5,369
Held for psychiatry training	-	17,223
Totals	\$ 642,512	\$ 453,741

As a result of having incurred expenditures that satisfied donor restrictions, the Clinic released \$161,047 and \$901 of net assets from restrictions during the year ended June 30, 2021 and 2020, respectively.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 8: Endowment

The nonprofit endowment fund is held at the St. Paul Foundation (the "Foundation") in a separate fund designated as the Shawn Marie Hart/Eleanor Fitzpatrick Fund. The Clinic's agreement with the Foundation requires that income of the nonprofit endowment fund be distributed to the Clinic subject to the Foundation's Board of Trustees approval and spending rate restrictions. Principal is not to be used to supplement, augment, or add to the general operating budget of the Clinic.

The Dr. James J. Jordan Endowment for Psychiatry is also held at the Foundation in a separate fund. Like the nonprofit endowment fund, the Clinic's agreement with the Foundation requires that income of the Dr. James J. Jordan Endowment for Psychiatry be distributed to the Clinic subject to the Foundation's Board of Trustees' approval and spending rate restrictions. Principal is not to be used to supplement, augment, or add to the general operating budget of the Clinic.

Donor-Restricted Endowments

The Clinic is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the Board of Directors appropriates such amounts for expenditure and any other purpose restrictions have been met. The Board of Directors of the Clinic has interpreted UPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Clinic considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Clinic has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

In addition, in accordance with UPMIFA, the Clinic considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Clinic, and (7) the investment policies of the Clinic.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 8: Endowment (Continued)

Changes in endowment net assets for the years ended June 30, are as follows:

	With Donor Restrictions
Balance at June 30, 2019	\$ 454,012
Contributions	250
Disbursement to be used for donor restricted purpose	(17,223)
Released from restrictions	(901)
Investment return	(11,189)
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Balance at June 30, 2020	424,949
Contributions	17,330
Disbursements to be used for donor restricted purpose	(18,559)
Investment return	127,959
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Balance at June 30, 2021	\$ 551,679

Note 9: Funds Held by Others

The Clinic is a designated grantee of a portion of the Hamm Foundation Fund, the Shawn Marie Hart/Eleanor Fitzpatrick Fund, and the Richey Fund of the Foundation. Any distributions of assets of these funds to the Clinic are at the discretion of the Foundation. Income earned by the funds is distributed to the Clinic on a periodic basis agreed on by both parties. The assets of the funds have not been included in the Clinic's financial statements. Contributions to the Clinic and the market values of the funds were as follows for the years ended June 30:

	2021		2020	
	Market Value	Contributions Paid	Market Value	Contributions Paid
Hamm Foundation Fund	\$ 21,957,293	\$ 835,042	\$ 17,645,561	\$ 731,780
Hamm Memorial Psychiatric Clinic Endowment Fund	151,891	5,228	121,918	8,212
Shawn Marie Hart/Eleanor Fitzpatrick NFP Fund	26,156	901	21,047	901
Shawn Marie Hart/Eleanor Fitzpatrick Designated Fund	195,246	6,720	156,717	6,700
Richey Fund	-	-	76,723	3,272
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Totals	\$ 22,330,586	\$ 847,891	\$ 18,021,966	\$ 750,865

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 10: Retirement Plan

The Clinic sponsored a retirement plan (the "Plan") that went into effect on July 1, 2006, for all employees. Participation in the Plan was voluntary and was open to employees who had attained the age of 18 and completed three months of service. Beginning January 1, 2010, the Plan was changed to become a discretionary plan in which the Clinic may elect, but is not required, to make a matching contribution. The Clinic elected to reinstate a matching contribution of 4% starting in October 2017. Total matching contributions were \$44,273 and \$32,850 for the years ended June 30, 2021 and 2020, respectively.

Note 11: Patient Service Revenue

Patient service revenue consisted of the following for the years ended June 30:

	2021	2020
Medicaid	\$ 602,120	\$ 438,779
Medicare	289,662	207,357
Commercial and other	1,287,662	1,142,311
Private pay	269,566	239,550
Total gross patient service revenue	2,449,010	2,027,997
Less - Allowances, discounts, and implicit price concessions	1,195,020	1,008,130
Patient service revenue - Net of contractual allowances, discounts, and implicit price concessions	\$ 1,253,990	\$ 1,019,867

Note 12: Related-Party Transactions

The Clinic receives a significant amount of contributions from related parties. Contributions received from Board members, their family members, and related foundations totaled \$737,254 and \$664,732 for the years ended June 30, 2021 and 2020, respectively.

Note 13: Professional Liability Insurance

The Clinic has professional liability insurance for claims incurred during a policy year regardless of when claims are reported (occurrence coverage). The liability insurance policy is renewable annually and has been renewed by the insurance carrier for the Clinic of the annual period extending through January 1, 2022.

Hamm Memorial Psychiatric Clinic

Notes to Financial Statements

Note 14: Concentration of Credit Risk

Financial instruments that potentially subject the Clinic to credit risk consist principally of accounts receivable and cash deposits in excess of insured limits in financial institutions.

Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicaid) for health care provided to the patients. The majority of the Clinic's patients are from St. Paul, Minnesota, and the surrounding area.

The mix of receivables was as follows at June 30:

	2021	2020
Medicaid	21 %	16 %
Medicare	14	8
Commercial and other	39	47
Private pay	26	29
Totals	100 %	100 %

The Clinic maintains a depository relationship with an area financial institution that is a Federal Deposit Insurance Corporation (FDIC) insured institution. The Clinic maintains cash in accounts at this institution which is insured by the FDIC up to \$250,000. At June 30, 2021, the Clinic's deposits exceeded the insured limits by approximately \$1,541,000.

Note 15: Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 classifications.