CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

The Main Place, Inc.

Financial Statements

June 30, 2021 and 2020

with Independent Auditors' Report

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Main Place, Inc.
Newark, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The Main Place, Inc. ("the Agency," a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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 of America; 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.

Auditors' 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 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 audits 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 auditors' 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 The Main Place, Inc. 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 of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of The Main Place, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Main Place, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Main Place, Inc.'s internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 18, 2021

The Main Place, Inc.
Statements of Financial Position
June 30, 2021 and 2020

Assets		2021	2020
Current assets:			
Cash and cash equivalents	$	270,611	220,226
Restricted cash		24,682	26,565
Accounts receivable		119,508	56,422
Prepaid expenses		21,056	23,675
Total current assets		435,857	326,888
Property and equipment:			
Land		58,813	58,813
Buildings		2,924,381	2,911,946
Leasehold improvements		73,194	73,194
Furniture and fixtures		113,407	108,957
Vehicles		13,679	13,679
		3,183,474	3,166,589
Accumulated depreciation		(1,127,480)	(1,028,969)
Net property and equipment		2,055,994	2,137,620
Other non-current assets:			
Security deposits and other assets		4,703	4,703
Total other non-current assets		4,703	4,703
Total assets	$	2,496,554	2,469,211
Liabilities and Net Assets			
Current liabilities:			
Mortgages and notes payable, current portion	$	14,747	13,004
Capital lease, current portion		3,017	2,829
Accounts payable, trade		25,191	18,633
Managed care advances		-	34,608
Deferred revenue		152,540	144,292
Accrued expenses		66,998	53,860
Total current liabilities		262,493	267,226
Long-term liabilities:			
Capital lease, long-term portion		7,742	11,146
Mortgages and notes payable, long-term portion		1,064,102	1,086,711
Less: debt issuance costs		(10,593)	-
Total long-term liabilities		1,061,251	1,097,857
Total liabilities		1,323,744	1,365,083
Net assets:			
Without donor restrictions		746,082	659,290
With donor restrictions		426,728	444,838
Total net assets		1,172,810	1,104,128
Total liabilities and net assets	$	2,496,554	2,469,211

See accompanying notes to the financial statements.

		2021	2020
Revenues, gains, and other support:			
Patient service revenue	$	943,813	937,410
Other grants and contracts		302,319	199,427
Contributions		4,815	3,793
Rental income net of vacancies		179,695	176,678
Other non-rental housing income		11,136	2,367
In-kind revenue		6,000	6,000
Interest		114	70
Miscellaneous revenue		55,991	34,540
Net assets released from restrictions		18,110	18,110
Total revenues, gains, and other support		1,521,993	1,378,395
Expenses and losses:			
Community Supportive Treatment		231,410	193,781
Assessment		26,908	31,481
Peer Services		413,563	379,692
Other Services		39,184	50,056
Housing		384,646	356,225
Fundraising		59,743	53,555
Management and general		279,747	268,540
Total expenses and losses		1,435,201	1,333,330
Change in net assets without donor restrictions		86,792	45,065
Change in net assets with donor restrictions:			
Net assets released from restrictions		(18,110)	(18,110)
Change in net assets		68,682	26,955
Net assets, beginning of year		1,104,128	1,077,173
Net assets, end of year	$	1,172,810	1,104,128

See accompanying notes to the financial statements.

	Support Services		Program Services						
	Management and General	Fundraising	Community Supportive Treatment	Assessment	Peer Services	Other Services	Housing	Total Program Services	Total
Salaries and related expenses:									
Salaries and wages	$ 82,342	42,383	148,662	15,379	302,646	23,904	126,502	617,093	741,818
Payroll taxes and benefits	19,588	5,947	26,867	5,131	34,346	8,223	19,726	94,293	119,828
Total salaries and related expenses	101,930	48,330	175,529	20,510	336,992	32,127	146,228	711,386	861,646
Other expenses:									
Advertising	-	3,448	-	-	-	-	-	-	3,448
Bad debts	-	-	-	-	-	-	6,603	6,603	6,603
Building maintenance	16,813	879	5,495	642	10,550	1,006	21,522	39,215	56,907
Conference	612	-	-	-	-	-	-	-	612
Contract services	4,562	-	1,417	166	2,720	259	171	4,733	9,295
Depreciation and amortization	16,233	1,052	5,368	627	10,307	983	63,941	81,226	98,511
Dues and subscriptions	1,070	-	-	-	-	-	-	-	1,070
Equipment repair and maintenance	4,573	-	22,862	2,540	8,129	1,016	11,685	46,232	50,805
In-kind	-	-	-	-	-	-	6,000	6,000	6,000
Insurance	12,140	655	2,762	323	5,302	505	3,827	12,719	25,514
Interest	11,643	-	-	-	-	-	9,880	9,880	21,523
Membership	4,893	3,299	-	-	-	-	-	-	8,192
Miscellaneous expenses	1,614	-	-	-	-	-	1,267	1,267	2,881
Postage	987	-	-	-	-	-	-	-	987
Professional fees	19,245	-	1,993	233	3,826	365	1,432	7,849	27,094
Program expenses	-	-	894	104	1,715	163	-	2,876	2,876
Real estate taxes	247	-	77	9	147	14	395	642	889
Rent	5,640	360	1,864	218	3,578	341	56,397	62,398	68,398
Supplies	3,599	172	1,171	137	2,248	214	-	3,770	7,541
Technical support	5,353	-	1,662	194	3,191	304	-	5,351	10,704
Technology expenses	3,211	-	997	116	1,914	182	2,951	6,160	9,371
Telephone	11,908	500	3,853	450	7,398	705	2,530	14,936	27,344
Training	22,497	-	-	-	-	-	-	-	22,497
Travel and meals	14,427	-	-	-	-	-	-	-	14,427
Utilities	16,550	1,048	5,466	639	10,494	1,000	49,817	67,416	85,014
Vehicle expense	-	-	-	-	5,052	-	-	5,052	5,052
Total other expenses	177,817	11,413	55,881	6,398	76,571	7,057	238,418	384,325	573,555
Total expenses	$ 279,747	59,743	231,410	26,908	413,563	39,184	384,646	1,095,711	1,435,201

See accompanying notes to the financial statements.

The Main Place, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Support Services		Program Services						
	Management and General	Fundraising	Community Supportive Treatment	Assessment	Peer Services	Other Services	Housing	Total Program Services	Total
Salaries and related expenses:									
Salaries and wages	$ 84,011	35,229	126,916	18,695	279,715	33,819	108,130	567,275	686,515
Payroll taxes and benefits	17,607	5,273	21,271	6,214	30,130	7,584	17,513	82,712	105,592
Total salaries and related expenses	101,618	40,502	148,187	24,909	309,845	41,403	125,643	649,987	792,107
Other expenses:									
Advertising	-	3,189	-	-	-	-	-	-	3,189
Bad debts	-	-	-	-	-	-	972	972	972
Building maintenance	7,776	338	2,293	385	4,794	641	16,233	24,346	32,460
Conference	35	-	-	-	-	-	-	-	35
Contract services	3,317	-	937	158	1,960	262	2,081	5,398	8,715
Depreciation	16,843	1,071	5,068	851	10,588	1,415	65,686	83,608	101,522
Dues and subscriptions	723	-	-	-	-	-	-	-	723
Equipment repair and maintenance	3,476	-	17,387	1,932	6,182	773	8,887	35,161	38,637
In-kind	-	-	-	-	-	-	6,000	6,000	6,000
Insurance	11,431	610	2,365	397	4,944	661	3,601	11,968	24,009
Interest	11,590	-	-	-	-	-	9,021	9,021	20,611
Membership	2,221	2,516	-	-	-	-	-	-	4,737
Miscellaneous expenses	1,574	-	-	-	-	-	2,042	2,042	3,616
Postage	810	-	-	-	-	-	-	-	810
Professional fees	20,649	-	1,945	327	4,067	543	-	6,882	27,531
Program expenses	-	-	813	137	1,699	227	-	2,876	2,876
Real estate taxes	264	-	74	12	155	21	365	627	891
Rent	5,640	360	1,696	285	3,546	474	61,480	67,481	73,481
Supplies	4,259	1,051	1,473	148	3,079	411	-	5,111	10,421
Technical support	9,834	-	2,779	467	5,811	777	-	9,834	19,668
Technology expenses	2,602	-	736	124	1,538	205	2,987	5,590	8,192
Telephone	11,002	434	3,232	543	6,757	903	2,262	13,697	25,133
Training	17,696	-	-	-	-	-	-	-	17,696
Travel and meals	19,222	2,472	-	-	-	-	-	-	21,694
Utilities	15,958	1,012	4,796	806	10,028	1,340	48,965	65,935	82,905
Vehicle expense	-	-	-	-	4,699	-	-	4,699	4,699
Total other expenses	166,922	13,053	45,594	6,572	69,847	8,653	230,582	361,248	541,223
Total expenses	$ 268,540	53,555	193,781	31,481	379,692	50,056	356,225	1,011,235	1,333,330

See accompanying notes to the financial statements.

The Main Place, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

		2021	2020
Cash flows from operating activities:			
Change in net assets	$	68,682	26,955
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation		98,511	101,522
Amortization of debt issuance costs		557	-
Bad debt		6,603	972
Debt forgiveness		(24,121)	(24,120)
Effects of changes in operating assets and liabilities:			
Accounts receivable		(69,689)	2,058
Prepaid expenses		2,619	(1,544)
Non-current assets		-	(1,980)
Accounts payable, trade		6,558	(561)
Managed care advances and deferred revenue		(26,360)	(39,706)
Accrued expenses		13,138	(13,140)
Net cash from operating activities		76,498	50,456
Cash flows from investing activities:			
Capital expenditures		(16,885)	(33,498)
Cash flows from financing activities:			
Repayment of mortgages and notes payable		(420,440)	(33,727)
Proceeds from mortgages payable		423,695	-
Debt issuance costs		(11,150)	-
Other financing activities		-	16,306
Repayment of obligations under capital lease		(3,216)	(2,331)
Net cash from financing activities		(11,111)	(19,752)
Net change in cash, cash equivalents and restricted cash		48,502	(2,794)
Cash, cash equivalents and restricted cash, beginning of year		246,791	249,585
Cash, cash equivalents and restricted cash, end of year	$	295,293	246,791
Reconciliation of cash, cash equivalents and restricted cash within the Statements of Financial Position			
Cash and cash equivalents	$	270,611	220,226
Restricted cash		24,682	26,565
Cash, cash equivalents and restricted cash shown in the Statements of Cash Flows	$	295,293	246,791
Supplemental disclosure of cash flow information:			
Interest paid	$	20,966	20,611
Noncash investing and financing transaction:			
Acquisition of property and equipment:			
Equipment obtained under capital lease obligation	$	-	16,351

See accompanying notes to the financial statements.

1. SUMMARY OF OPERATIONS:

Organization and operations

The Main Place, Inc. (the Agency) is a nonprofit organization established to promote mental health, prevent mental illness and provide consumer and family support services to residents of central Ohio. The Agency's primary source of support is received through allocations from Mental Health and Recovery for Licking and Knox Counties (MHR). The Agency's primary program services include Community Supportive Treatment, Assessment, Peer Services, and Housing for persons with mental and behavioral health illnesses and their families.

Program descriptions

Below is a summary of the principal programs administered by the Agency.

Community Supportive Treatment

This program provides specific, measurable and individualized services to each person served. These services should be focused on the individual's ability to succeed in the community, to identify and access needed services and to show improvement in school, work and family and integration and contributions within the community.

Assessment

Assessment is the process of gathering information to assess consumer needs and functioning in order to determine appropriate service and/or treatment based on identification of the presenting problem, evaluation of mental status and formulation of a diagnostic impression.

Peer Services

This program provides individual or group interactions conducted by persons receiving services and persons who have received services, for the purpose of providing emotional support and understanding, sharing experiences in coping with problems, and developing a network of people that provides ongoing support outside the formal mental health service system.

Housing

This program provides housing and housing support to adults experiencing serious and persistent mental illness whose ability to get and maintain housing has been disrupted by their disability, and who have a history of homelessness or chronic homelessness.

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting

The financial statements for the Agency have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Adoption of new accounting standard

The Agency adopted ASC 606, *Revenue from Contracts with Customers* effective for the fiscal year beginning July 1, 2020 using a modified retrospective basis. The standard requires an entity to recognize revenue when the entity transfers control of promised goods and services to the customer. Revenue is recognized in an amount that reflects the consideration an entity expects to receive in exchange for those goods and services. An entity is also required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASC 606 resulted in no change in opening balances of net assets. ASC 606 did not materially impact the financial position, results of operations, or cash flows of the Agency and there was no cumulative effect of a change in accounting principle recorded related to this adoption.

Basis of presentation

The financial statements of the Agency have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), which requires the Agency to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the Board of Trustees.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by actions of the Agency 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 were $426,728 and $444,838 at June 30, 2021 and 2020, respectively, all of which are temporary in nature (see Note 12).

Grants and contribution revenue

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statements of activities and changes in net assets as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind contributions are recorded at fair value and represent donated materials, space and services that create or enhance nonfinancial assets or require specialized skills. During 2021 and 2020, the Agency recognized in-kind contributions of $6,000, respectively.

Patient service revenue
Patient service revenue is recognized as the Agency satisfies performance obligations under its contracts with patients. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Agency does not believe it is required to provide additional goods or services to the patient. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing patient care. The Agency determines the transaction price 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 Agency's policies and implicit price concessions provided to uninsured patients.

The Agency determines its estimates of explicit price concessions, which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payor groups. The Agency determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations by third-party payors.

The Agency has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third party payors for the effects of a significant financing component due to the Agency's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less. Additionally, the Agency elected to not disclose the aggregate of the transaction price allocated to unsatisfied performance obligations.

The following is a summary of the payment arrangements with major third-party payors:

Medicaid: Reimbursements for Medicaid services are generally paid after the service is provided. In some cases, this is paid in full at the Prospective Payment System (PPS) rate by Medicaid directly. In other cases it is paid at contracted Fee for Service rate with Medicaid Managed Care and a second payment from the state is received for full reimbursement of the PPS rate.

Medicare and Commercial: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using the charge and discounts from established charges.

Self-Pay: Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Agency also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Agency 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, relevant slide discounts, and implicit price concessions.

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

Functional expenses
The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Agency. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, payroll taxes and employee benefit costs are allocated to programs based upon employee input into timesheets. Indirect costs not specifically attributable to a program are allocated based on an appropriate basis for the cost amongst all programs, fundraising, and management and general. Housing expenses are allocated to the appropriate individual unit.

Cash, cash equivalents and restricted cash
The Agency considers petty cash and demand accounts with a maturity of 90 days or less to be cash and cash equivalents for statement of cash flow purposes. Cash received for permanent supportive housing in advance and cash maintained as tenant security deposits is classified as restricted for a particular purpose. Security deposits for tenants are held in a separate bank account as required by Ohio law.

Accounts receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and equipment and depreciation
Property and equipment is recorded at cost if purchased or at estimated fair value at the time of donation, if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense was $98,511 and $101,522 for the years ended June 30, 2021 and 2020, respectively. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolongs its life are charged to expense as incurred.

Property and equipment purchased with public funds from MHR has been capitalized by the Agency. In the event that the Agency discontinues services contracted by MHR, the aforementioned assets will revert to the grantor.

Unamortized debt issuance costs
Loan costs in connection with the Agency's financing will be amortized over the life of the related loan using the straight-line method. Amortization in the amount of $557 and $-0-, for the years ended June 30, 2021 and 2020, respectively, is included in interest expense. Accumulated amortization totaled $557 and $-0-, as of June 30, 2021 and 2020, respectively. The estimated amount of amortization expense for each of the next five years is $558.

Advertising costs
Advertising costs to market the Agency's services are expensed as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was $3,448 and $3,189, respectively.

Income taxes and uncertain tax positions
The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and may be subject to income tax on unrelated business activities. Annually, the Agency files Form 990, *Return of Organizations Exempt from Income Tax*, with the Internal Revenue Service (IRS). This form is open for public inspection. The Agency believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Reclassification
Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent events
The Agency evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 18, 2021, the date through which the financial statements were available to be issued.

3. ACCOUNTS RECEIVABLE:

Accounts receivable consisted of the following as of June 30:

		2021	2020
Medicaid	$	47,978	25,259
Mental Health and Recovery for Licking and Knox Counties		52,985	14,213
Other receivables		1,952	144
Tenant receivables		16,593	16,806
Total accounts receivable	$	119,508	56,422

All accounts receivable were deemed fully collectible at June 30, 2021 and 2020.

4. CAPITAL LEASES:

The Agency acquired certain office equipment under capital leases. The economic substance of these leases is that the Agency is financing the acquisition of the equipment through the lease and accordingly, the equipment is recorded as assets and the leases are recorded as liabilities. Amortization expense has been included with depreciation expense for financial statement purposes.

The following is an analysis of the leased assets included in property and equipment as of June 30:

		2021	2020
Equipment under capital leases	$	23,669	23,669
Less: accumulated amortization		(12,768)	(9,498)
	$	10,901	14,171

4. CAPITAL LEASES (Continued):

Future minimum lease payments under capital leases as of June 30, 2021 for each of the remaining years and in the aggregate are as follows:

	2022	$	3,651
	2023		3,651
	2024		3,651
	2025		1,521
			12,474
Less: Amount representing interest			(1,715)
Present value of minimum lease payments		$	10,759

5. OPERATING LEASE:

The Agency leases office equipment under various operating leases. Lease expense under these leases was $7,518 and $7,769 for the years ended June 30, 2021 and 2020, respectively. In addition, the Agency leases office space on a month-to-month basis. Rent expense under these leases was $12,000 for the years ended June 30, 2021 and 2020.

The remaining annual lease payments under the operating leases existing as of June 30, 2021 are:

2022	$	9,726
2023		9,726
2024		9,726
2025		2,432
	$	31,610

6. MORTGAGES AND NOTES PAYABLE:

Notes payable consists of the following at June 30:

		2021	2020
$350,000 mortgage note payable to ODMHAS for construction of The Place Next Door. This is a forgiveable loan if certain covenants are met, over 360 months through August 2043.	$	258,947	270,568
$500,000 mortgage grant from Federal Home Loan Bank under the Affordable Housing Program for the construction of The Place Next Door. This is a forgiveable grant if certain covenants are met, over 480 months through December 2054.		408,968	421,468

6. MORTGAGES AND NOTES PAYABLE (Continued):

		2021	2020
129 W. Main St. - $146,537 mortgage payable to Huntington National Bank in monthly installments of principal and interest of $1,236 at 5.25%. The note originally matured on August 2020 with a balloon payment of $97,669; secured by real property. On July 21, 2020, the mortgage was refinanced with Park National Bank with a 5-year adjustable rate mortgage (4.05% as of 6/30/21) and monthly installments of principal and interest of $627. The note matures on July 21, 2040.		99,422	97,643
15 E. Vine St. - $102,191 mortgage payable to Huntington National Bank in monthly installments of principal and interest of $805 at 4.85%. The note originally matured on April 2020 with a balloon payment of $76,944; secured by real property. On July 21, 2020, the mortgage was refinanced with Park National Bank with a 5-year adjustable rate mortgage (4.05% as of 6/30/21) and monthly installments of principal and interest of $489. The note matures on July 21, 2040.		77,474	75,627
117 W. High St. - $316,293 mortgage payable to Huntington National Bank in monthly installments of principal and interest of $2,490 at 4.85%. The note originally matured on April 2020 with a balloon payment of $238,151; secured by real property. On July 21, 2020, the note was refinanced with Park National Bank with a 5-year adjustable rate mortgage (4.05% as of 6/30/21) and monthly installments of principal and interest of $1,476.22. The note matures on July 21, 2040.		234,038	234,409
	$	1,078,849	1,099,715

The minimum principal payments due or forgiven in each of the next five years and thereafter are as follows:

2022	$	14,747
2023		15,356
2024		15,990
2025		16,649
2026		17,335
Thereafter		330,857
Forgiveable mortgages		667,915
	$	1,078,849

7. BANK LINE OF CREDIT:

The Agency maintains a $75,000 line of credit from Huntington National Bank. The line of credit bears interest at a variable rate (prime rate as reported in The Wall Street Journal plus 0.50%); 3.75% at June 30, 2021 and is due on demand. There was no balance on the line of credit as of June 30, 2021 and 2020, respectively.

8. PAYCHECK PROTECTION PROGRAM (PPP) LOAN:

In April 2020, the Agency received funding of $163,338 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as part of the Small Business Administration (SBA) Paycheck Protection Program. The unsecured loan accrues interest at 1.00%. Under program guidelines, borrowers will complete an application for loan and accrued interest forgiveness, accompanied by documentation supporting compliance and eligible costs for a period of twenty-four weeks. Any balance not forgiven will have a repayment term of two years. As of June 30, 2020, the Agency incurred qualifying expenses of $73,406 of PPP funding and has met the conditions of the funding and therefore recognized it as other grants and contracts revenue on the statements of activities and changes in net assets and the balance of $89,932 as deferred revenue on the statements of financial position. During 2021, the Agency met the conditions of the PPP funding for the remaining $89,932 and received full loan forgiveness from the SBA on November 10, 2020.

9. MANAGED CARE ADVANCES:

During 2019, the Agency received advances from various managed care organizations to assist with cash flow during the billing transition period. The Agency has established repayment plans with each managed care organization. As of June 30, 2021 and 2020, the Agency owed $-0- and $34,608, respectively, to the various managed care organizations.

10. CONCENTRATION OF RISK:

The Agency maintains its cash balances at various financial institutions in Licking and Knox counties. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At various times during the year, cash on deposit exceeded the FDIC limits.

Significant amounts of revenue for the Agency are received from MHR. Changes in funding from this government unit may have a significant impact on the Agency's ability to continue. The Agency is also dependent on the general economic conditions and climate of Licking and Knox Counties, Ohio.

11. CONTINGENCIES:

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amounts, if any, would not have a material effect on the Agency's financial statements.

The Agency is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its operational activities. In the opinion of the Agency management, the liability, if any, for such contingencies will not have a material effect on the Agency's financial position.

11. CONTINGENCIES (Continued):

During fiscal year 2020, the World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Agency, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, or loss of revenue due to reductions in certain revenue streams. Management believes the Agency is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2021.

12. NET ASSETS WITH DONOR RESTRICTIONS:

During 2014, the Agency was awarded a grant from the Ohio Housing Finance Agency (OHFA) to assist with construction costs of new affordable housing facilities up to a maximum of $543,311. The facility was placed into operation during the year ended June 30, 2016. The grant will be reclassified to net assets without donor restrictions evenly over 30 years, which represents the extended affordability period under the OHFA grant.

Net assets with donor restrictions are restricted for the following purposes at June 30:

		2021	2020
Subject to passage of time and use restriction:			
For periods after June 30	$	426,728	444,838
Total net assets with donor restrictions:	$	426,728	444,838

13. AVAILABILITY OF FINANCIAL ASSETS:

The Agency is substantially supported by earned and grant revenue. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Agency also maintains a line of credit of $75,000 that is available to be drawn upon as needed during the year to manage cash flow. See Note 7 for further description of this credit line.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30:

		2021	2020
Financial assets:			
Cash and cash equivalents	$	270,611	220,226
Accounts receivable		119,508	56,422
Financial assets available to meet cash needs for general expenditures within one year	$	390,119	276,648

14. RELATED PARTIES:

A volunteer board member is employed by a financial institution which has provided loans to the Agency. The Agency's Board of Trustees are required to report conflicts of interest and abstain from voting on approving lending arrangements with the Agency and the member's financial institution.

15. UPCOMING PRONOUNCEMENT:

In February 2016, the 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 the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Agency's year ending June 30, 2023.

The Agency is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

CLARK SCHAEFER HACKETT
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
The Main Place, Inc.
Newark, Ohio

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 financial statements of The Main Place, Inc. ("The Agency," a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Main Place, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Main Place, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Main Place, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 18, 2021