

Headway Emotional Health Services

Richfield, Minnesota

Financial Statements

Auditor's Report

For the Year Ended June 30, 2020



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 carpenterevert.com

Independent Auditor's Report

Board of Directors
Headway Emotional Health Services
Richfield, Minnesota

We have audited the accompanying financial statements of Headway Emotional Health Services, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expense, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Headway Emotional Health Services as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, Ltd.

Certified Public Accountants

Minneapolis, Minnesota
November 19, 2020

HEADWAY EMOTIONAL HEALTH SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

EXHIBIT A

ASSETS

Current Assets:

Cash	\$ 1,269,333
Contracts Receivable - Net	232,037
Client Service Receivable - Net	2,742,870
Fiscal Agent Receivable - Custodial Funds	5,953
Prepaid Expenses	213,620
Total Current Assets	<u>4,463,813</u>

Land, Buildings and Equipment - Net	<u>500,528</u>
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TOTAL ASSETS	<u><u>\$ 4,964,341</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Current Portion of Long-term Debt	\$ 645,651
Refundable Advance - PPP Loan	1,526,500
Accounts Payable	153,814
Accrued Expenses	424,939
Total Current Liabilities	<u>2,750,904</u>

Long-term Liabilities:

Long-term Debt, Net of Current Maturities	<u>697,893</u>
Total Liabilities	<u>3,448,797</u>

Net Assets:

Without Donor Restrictions	1,496,079
With Donor Restrictions	19,465
Total Net Assets	<u>1,515,544</u>

TOTAL LIABILITIES AND NET ASSETS AND EQUITY	<u><u>\$ 4,964,341</u></u>
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The accompanying Notes to Financial Statements
are an integral part of this statement.

HEADWAY EMOTIONAL HEALTH SERVICES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Net Service Revenue	\$ 14,047,425	\$ -	\$ 14,047,425
Government Grants and Contracts	2,085,123	-	2,085,123
Contributions (Inclusive of In-kind Revenue)	1,383,496	950	1,384,446
Other Revenue	66,857	-	66,857
Net Assets Released from Purpose Restrictions	4,270	(4,270)	-
Total Support and Revenue	17,587,171	(3,320)	17,583,851
Expense:			
Program Services			
Mental Health Services	7,930,514	-	7,930,514
Educational Support Services	4,033,486	-	4,033,486
Family Support Services	3,968,987	-	3,968,987
Total Program Services	15,932,987	-	15,932,987
Support Services:			
Management and General	1,346,545	-	1,346,545
Fundraising	67,515	-	67,515
Total Support Services	1,414,060	-	1,414,060
Total Expense	17,347,047	-	17,347,047
Change in Net Assets	240,124	(3,320)	236,804
Net Assets - Beginning of Year	1,255,955	22,785	1,278,740
Net Assets - End of Year	\$ 1,496,079	\$ 19,465	\$ 1,515,544

The accompanying Notes to Financial Statements
are an integral part of this statement.

HEADWAY EMOTIONAL HEALTH SERVICES
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Support Services			Total All Services
	Mental Health Services	Educational Support Services	Family Support Services	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries and Wages	\$ 4,963,217	\$ 2,220,487	\$ 2,596,861	\$ 9,780,565	\$ 597,321	\$ 44,860	\$ 642,181	\$ 10,422,746
Employee Benefits and Payroll Tax	1,139,460	503,491	672,314	2,315,265	116,896	8,763	125,659	2,440,924
Total Personnel Expense	6,102,677	2,723,978	3,269,175	12,095,830	714,217	53,623	767,840	12,863,670
Facilities	258,620	870,602	129,015	1,258,237	273,036	2,012	275,048	1,533,285
Bad Debt Expense	981,251	171,864	195,621	1,348,736	-	-	-	1,348,736
Office Systems	245,325	108,750	157,247	511,322	22,959	1,732	24,691	536,013
Outside Services	109,162	33,189	48,764	191,115	195,890	382	196,272	387,387
Other Expenses	94,694	16,152	33,382	144,228	131,046	8,174	139,220	283,448
Travel	57,465	67,894	103,814	229,173	4,758	84	4,842	234,015
Supplies	81,320	41,057	31,969	154,346	4,639	1,508	6,147	160,493
Total Expense	\$ 7,930,514	\$ 4,033,486	\$ 3,968,987	\$ 15,932,987	\$ 1,346,545	\$ 67,515	\$ 1,414,060	\$ 17,347,047

The accompanying Notes to Financial Statements
are an integral part of this statement.

HEADWAY EMOTIONAL HEALTH SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT D

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Change in Net Assets	\$ 236,804
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Bad Debt Expense	1,348,736
Depreciation	203,594
(Increase) Decrease in Current Assets:	
Contracts Receivable	(11,413)
Client Service Receivable	(843,946)
Fiscal Agent Receivable - Custodial Funds	36,934
Prepaid Expenses	(186,373)
Increase (Decrease) in Current Liabilities:	
Refundable Advance - PPP Loan	1,526,500
Accounts Payable	(596,331)
Accrued Expenses	(15,353)
Deferred Revenue	(60,358)
Net Cash Provided by Operating Activities	<u>1,638,794</u>

Cash Flows from Investing Activities:

Purchases of Equipment and Building Improvements	(33,267)
Net Cash (Used) by Investing Activities	<u>(33,267)</u>

Cash Flows from Financing Activities:

Net Borrowing (Payments) Under Line-of-Credit	(850,000)
Proceeds from Debt	550,000
Repayment of Debt	(292,429)
Net Cash (Used) by Financing Activities	<u>(592,429)</u>

Net Increase in Cash and Cash Equivalents 1,013,098

Cash - Beginning of year 256,235

Cash - Ending of year \$ 1,269,333

Supplemental Disclosure of Cash Flow Information

Cash Paid for:

Interest	<u><u>\$ 92,048</u></u>
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The accompanying Notes to Financial Statements
are an integral part of this statement.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

Headway Emotional Health Services (Headway) provides comprehensive mental health care in the Twin Cities area. Our mission is empowering people of all ages to live an emotionally healthy life.

Founded in 1970, Headway today is a highly integrated, collaborative organization with a professional, diverse staff of over 200 therapists, case workers and administrative staff. We help those who are facing challenges in their personal or family lives with programming and services that address mental health issues, parenting issues, psychological assessments, divorce, a difficult teen, physical abuse, sexual abuse, unhealthy relationships and more. Headway has locations in Brooklyn Center, Golden Valley, Richfield and Hopkins, and also provides services in more than 60 schools and other community-based locations throughout the Twin Cities.

In fiscal year 2020, Headway provided direct mental health services to over 6,000 unique clients, self-reported data indicated that of the clients who racially identified, 49% of our clients were non-white, and our total charity services, defined by unreimbursed care were \$158,594. Headway is committed to provide services to all who request it.

Each day, Headway touches the lives of hundreds of people in the Twin Cities area, helping them overcome obstacles in their lives through treatment, intervention and education. Our programs fall under three focus areas: Mental Health, Family Support and Educational Support. Our clients can also be grouped: Children and Adolescents, Adults, and Couples and Family

MENTAL HEALTH: Headway's Mental Health services include:

Children and Adolescents:

Outpatient Counseling: Headway offers highly effective general outpatient therapy and counseling for children and teens who are depressed, have neurological or behavioral issues, have been sexually or physically abused or neglected, or have severe mental health issues. Outpatient Counseling for children and adolescents includes therapists who specialize in: play, family and group therapy; Anger Management; Sexual Abuse Treatment; and Adolescent Dialectical Behavioral Therapy, an innovative program of individual therapy, skills groups and coaching for youth who are suicidal, self-injurious and have difficulty managing their emotions and sustaining relationships.

In-School: School-based services address school success, truancy, mental health and chemical dependency through support, advocacy and case management. Headway therapists are working daily in more than 60 schools, primarily in the Anoka/Hennepin, Bloomington and Burnsville school districts, with services also provided at individual schools in other districts.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

Psychological Assessment & Testing: Psychological assessment and testing is conducted by a Clinical Psychologist. Assessments include risk, diagnostic, psychosexual, and adult certification of juveniles. Testing includes neuro-behavioral, cognitive, objective and projective personality, diagnostic and parent/teacher behavioral reports.

Adults:

Outpatient Counseling: Headway mental health professionals offer highly effective general outpatient therapy and counseling for individuals looking for emotional and mental health support.

Dialectical Behavioral Therapy (DBT): Individual therapy, skills groups and coaching for men and women who are suicidal, self-injurious and have difficulty managing their emotions and sustaining relationships.

Psychological Assessment & Testing: Psychological assessment and testing is conducted by a clinical psychologist.

Medication Management: Services include assessment, prescriptions, and medication monitoring including managing dosage changes.

Other Adult Services: Group Therapy, specialty interventions such as DBT and EMDR.

EDUCATIONAL SUPPORT: Headway's Educational Support services include:

Day Treatment: Programming for children grades 7-12 who are experiencing significant emotional and mental health issues that make it difficult to succeed in a mainstream school setting and cannot be resolved in a standard outpatient mental health setting.

In-School: School-based services address school success, truancy, mental health and chemical dependency through support, advocacy and case management.

Truancy Services: Headway provides Truancy Case Management to Hennepin County clients through the counties' Be @ School initiative. We work with K-12 students and their families to identify the root issues of the truancy, develop plans and find resources to assist.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Organizational Purpose (continued)

FAMILY SUPPORT: Headway's Family Support services include:

Case Management: Mental Health Case Management Services staff provide guidance and support for families whose children are at risk for abuse or neglect, and for those with children who have severe and long-term mental health needs.

Healthy Families: Headway is a member of the Hennepin Healthy Families Home Visiting Program, which services young children from prenatal to four and their first-time parents who are dealing with multiple challenges. Our trained home visitors provide long-term, clinically-supervised, intensive home visits that focus on strengths- and relationship-building.

Diversion: Non-violent juvenile offenders ages 10-17 are referred to Headway by Hennepin County for services ranging from restorative justice programming to diversion groups to outpatient therapy.

Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Headway and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions –Those resources over which the Board of Directors has discretionary control. The Board designated amounts represent those revenues which the Board has set aside for a particular purpose.

Net Assets with Donor Restrictions –Those resources subject to donor imposed restrictions which will be satisfied by actions of Headway or passage of time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

Headway has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* as management believes the standards improve the usefulness and understandability of Headway's financial reporting.

Headway has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way Headway recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Both ASUs have been applied retrospectively for the period ended June 30, 2020, as required.

Income Tax

Headway is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and exempt from federal income taxes on related income accordingly. Headway is also exempt from state income taxes under similar provisions in the Minnesota Statutes. Headway has elected to adopt guidance in the income standard regarding the recognition and measurement of uncertain tax positions. Headway follows the accounting standard for contingencies for evaluating uncertain tax positions. The adoption of this standard has no effect on the financial statements.

Cash and Cash Equivalents

Cash consists of cash, money market accounts, and all highly liquid securities purchased with an original maturity of 90 days or less. Cash and cash equivalents are stated at cost which approximates fair value.

Accounts Receivable

Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and Headway does not charge interest on accounts receivable balances. Headway reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. Accounts receivable are net of the allowance for doubtful accounts and contractual adjustments of \$1,250,141 at June 30, 2020. Bad debt expense was \$1,348,736 for the year ended June 30, 2020. Accounts receivable are pledged as collateral against Headway's line-of-credit payable and installment note payable balance.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Equipment in excess of \$1,000 is recorded at cost if purchased or at estimated market value at date of contribution if donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. All equipment purchases less than \$1,000 are expensed. Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

Buildings and Improvements	5 – 33 Years
Leasehold Improvements	3 – 10 Years
Furniture and Office Equipment	3 – 7 Years
Automobiles	5 Years

Functional Allocation of Expense

Functional expenses have been directly coded to specific functions whenever possible. Expenses which cannot be directly identified to a specific function are allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

Revenue Recognition

Contributions, including unconditional promises-to-give are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Program service fees are recognized when the services are provided. Amounts received that have not been recognized as revenue are considered deferred revenue.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as net assets with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions except when the receipt and expiration occur in the same period in which case the contribution is shown as without donor restrictions.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Net Service Revenue

Client and medical assistance fees are recorded at standard hourly rates. When the services are rendered, discounts are recorded to reduce client fees for allowable discounts based on the difference between the usual and customary charges and the clients' ability to pay, as determined by a sliding fee scale. Discounts are also recorded for contractual discounts as negotiated with third-party payors and medical assistance. Charity services are defined as services that Headway discounts or provides for free to under-insured or un-insured clients to assist them in receiving treatment. Charity services also include client service Headway provides in excess of contractual funding limits. Headway elects to continue to serve clients once funding is exhausted.

Government Grants and Contracts

Government grants and contracts are recorded as contributions. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Headway will record such disallowance at the time the final assessment is made.

Fiscal Agency Receivable and Payable

An asset and/or liability is recorded for certain assets for which Headway acts as an agent. The related agreements have stipulations that the assets be passed on to certain individuals or entities as directed by the sponsoring organization. At June 30, 2020, fiscal agency transactions resulted in a net receivable of \$5,953.

Unemployment Compensation Self-Insurance

Headway has elected to self-fund their unemployment claims through reimbursing the State of Minnesota based on actual unemployment claims paid by the State to former Headway employees.

Concentrations of Credit Risk

Headway maintains cash balances at a local financial institution which is insured by the federal deposit insurance corporation up to \$250,000. At times, the amounts on deposit may exceed the insured limit. Headway is also subject to risk with respect to concentration of accounts receivable and net service revenue, which is dependent on a series of contracts with third-party payers. This is typical in the industry in which Headway operates.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

Headway has evaluated the effect that subsequent events would have on the financial statements through November 19, 2020, which is the date financial statements were available to be issued.

On August 31, 2020, Headway closed its Golden Valley location. Services being provided out of the Golden Valley location were relocated to the other Headway locations.

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. There is considerable uncertainty around the duration of the disruption. Therefore, Headway expects this matter to potentially have negative impact on its operating results, but reasonable estimates cannot be made at this time.

2. Land, Buildings and Equipment

Headway owned the following as of June 30, 2020:

Land	\$ 50,000
Buildings	389,097
Building Improvements	1,235,622
Equipment and Furniture	622,501
Automobiles	42,491
Leasehold Improvements	<u>723,902</u>
	3,063,613
Less: Accumulated Depreciation	<u>2,563,085</u>
Land, Buildings and Equipment - Net	<u>\$ 500,528</u>

Depreciation expense was \$203,594 for the year ended June 30, 2020.

3. Net assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following purposes as of June 30, 2020:

Staff Development	\$ 18,265
Equine Therapy Program	<u>1,200</u>
	<u>\$ 19,465</u>

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4. Retirement Plan

Headway maintains a 401(k) qualified retirement plan covering all staff that meet eligibility requirements. The plan is funded by elective employee contributions and employer match of employee contributions up to 3% of employee compensation. The amount contributed to this plan was \$275,444 for the year ended June 30, 2020.

5. Operating Leases

At June 30, 2020, Headway was obligated under operating leases for office space and equipment. Rental expense was \$1,196,902 for the year ended June 30, 2020.

Minimum future rental payments for these leases are as follows:

<u>Due in the Year Ending June 30,</u>	
2021	\$ 810,486
2022	407,593
2023	341,695
2024	347,854
2025	354,015
2026 and thereafter	<u>956,265</u>
Total	<u>\$ 3,217,908</u>

6. Rental Income

Headway leases office space at their Richfield office building to an unrelated third party through December 31, 2020.

Minimum future rental receipts for the lease is as follows:

<u>Due in the Year Ending June 30,</u>	
2021	<u>\$ 15,656</u>

7. In-kind Contributions

Headway received approximately \$240,360 of in-kind salary contributions from internship positions and other professional services for the year ended June 30, 2020.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

8. Long-Term Debt

The breakdown of notes payable is as follows as of June 30, 2020:

Mortgage note payable to Bremer Bank, payable in monthly installments of \$14,027, including interest at 5.35% and principal with unpaid principal and interest due on February 1, 2021. The note is secured by land, building and equipment. \$ 615,186

Promissory note payable to Propel Nonprofits, payable in monthly installments of \$3,699, including interest at 6.5% and principal, with unpaid principal and interest due on September 16, 2022. The note is secured by Headway's assets. 228,358

2.5% note payable to Otto Bremer Trust. Interest of \$12,500 is due annually. The final payment includes the entire principal balance and any remaining interest is due on January 15, 2023. The note is unsecured. 500,000

1,343,544

Less Portion Due Within One (1) Year 645,651

Long-term Portion \$ 697,893

Principal payments required are as follows:

Due in the Year Ending June 30,

2021 \$ 645,651

2022 32,478

2023 665,415

Total \$ 1,343,544

9. Line-of-Credit

Headway maintained a \$625,000 line-of-credit with Bremer Bank at a variable rate of 5.5% as of June 30, 2020. The line-of-credit expires in February 1, 2021. The balance was \$-0- as of June 30, 2020. The line-of-credit is secured by all assets of Headway.

HEADWAY EMOTIONAL HEALTH SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

10. Liquidity and Availability

The following represents Headway's financial assets at June 30, 2020:

Financial Assets:

Cash	\$ 1,269,333
Contracts Receivable - Net	232,037
Client Service Receivable - Net	<u>2,742,870</u>
Total Financial Assets	4,244,240

Less: Assets not available to be used within one year:

Net Assets With Donor Restrictions	<u>19,465</u>
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Financial assets available for general expenditures within
one year

\$ 4,224,775

Headway has certain net assets with donor restrictions limited to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been excluded in the qualitative information above for financial assets to meet general expenditures within one year.

As part of Headway's liquidity plan, Headway has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

11. Paycheck Protection Program Funds

Headway received funds pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP, certain amounts of the funds may be forgiven if certain conditions are met including incurring eligible expenses, limitations on reductions in compensation and meeting certain full-time equivalent (FTE) headcount requirements. Management has accounted for the funds under FASB ASC 958-605 and the funds are considered a refundable advance until the conditions have substantially been met. A portion of the funds received have been recognized as contribution revenue when the conditions were met in the year ended June 30, 2020 with the remaining balance included as a refundable advance as of June 30, 2020.