

**Independent Auditor's Report and Financial Statements**  
**The Whole Person, Inc.**  
**September 30, 2020 and 2019**

## Contents

	Page
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

## Independent Auditor's Report

Board of Directors  
The Whole Person, Inc.

We have audited the accompanying consolidated financial statements of The Whole Person, Inc., which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Whole Person, Inc., as of September 30, 2020 and 2019, 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.

*Wendling Noe Nelson & Johnson LLC*

Topeka, Kansas  
January 11, 2021

**The Whole Person, Inc.**  
**Consolidated Statements of Financial Position**  
**September 30,**

**Assets**

	<u>2020</u>	<u>2019</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,496,292	\$ 2,290,634
Investments	4,429,673	4,095,454
Accounts receivable, net of allowance for doubtful accounts of \$75,772 in 2020 and \$94,674 in 2019	2,998,320	2,948,919
Inventory	5,232	6,089
Prepaid expenses	<u>102,451</u>	<u>40,661</u>
<b>Total current assets</b>	<u>10,031,968</u>	<u>9,381,757</u>
<b>Capital assets, net</b>	<u>5,670,447</u>	<u>5,805,504</u>
<b>Intangible assets, less accumulated amortization of \$76,000 in 2020</b>	<u>684,000</u>	<u>760,000</u>
<b>Total assets</b>	<u><u>\$16,386,415</u></u>	<u><u>\$15,947,261</u></u>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Current maturities of long-term debt	\$ 140,908	\$ 152,267
Accounts payable and accrued liabilities	242,082	155,711
Accrued staff payroll, taxes, and PTO	682,001	487,939
Accrued consumer directed payroll and taxes	<u>1,240,446</u>	<u>1,051,250</u>
<b>Total current liabilities</b>	<u>2,305,437</u>	<u>1,847,167</u>
<b>Long-term debt</b>	<u>1,686,050</u>	<u>1,863,136</u>
<b>Total liabilities</b>	<u>3,991,487</u>	<u>3,710,303</u>
<b>Net assets</b>		
Without donor restrictions	12,375,037	12,217,067
With donor restrictions	<u>19,891</u>	<u>19,891</u>
<b>Total net assets</b>	<u>12,394,928</u>	<u>12,236,958</u>
<b>Total liabilities and net assets</b>	<u><u>\$16,386,415</u></u>	<u><u>\$15,947,261</u></u>

The accompanying notes are an integral part of these statements.

**The Whole Person, Inc.**  
**Consolidated Statements of Activities**  
**Year ended September 30, 2020**

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Government fees for services	\$31,230,857	\$ -	\$31,230,857
Government grants	955,745		955,745
Other fees for services	697,820		697,820
Contributions and other grants	297,801		297,801
United Way support	2,946		2,946
Interest and dividends	96,280		96,280
Realized and unrealized gain on investments	97,324		97,324
Other	<u>22,733</u>		<u>22,733</u>
<b>Total support and revenue</b>	<u>33,401,506</u>	<u>-</u>	<u>33,401,506</u>
<b>Expenses</b>			
Program	30,840,044		30,840,044
Management and general	1,422,551		1,422,551
Fundraising	<u>980,941</u>		<u>980,941</u>
<b>Total expenses</b>	<u>33,243,536</u>	<u>-</u>	<u>33,243,536</u>
<b>Change in net assets</b>	157,970	-	157,970
<b>Net assets, beginning of year</b>	<u>12,217,067</u>	<u>19,891</u>	<u>12,236,958</u>
<b>Net assets, end of year</b>	<u>\$12,375,037</u>	<u>\$ 19,891</u>	<u>\$12,394,928</u>

The accompanying notes are an integral part of these statements.

**The Whole Person, Inc.**  
**Consolidated Statements of Activities - Continued**  
**Year ended September 30, 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Government fees for services	\$29,873,507	\$ -	\$ 29,873,507
Government grants	766,126		766,126
Other fees for services	589,779		589,779
Contributions and other grants	509,772		509,772
United Way support	3,109		3,109
Interest and dividends	102,379		102,379
Realized and unrealized gain on investments	47,695		47,695
Other	<u>63,952</u>		<u>63,952</u>
<b>Total support and revenue</b>	<u>31,956,319</u>	<u>-</u>	<u>31,956,319</u>
<b>Expenses</b>			
Program	28,307,073		28,307,073
Management and general	2,495,864		2,495,864
Fundraising	<u>555,606</u>		<u>555,606</u>
<b>Total expenses</b>	<u>31,358,543</u>	<u>-</u>	<u>31,358,543</u>
<b>Change in net assets before equity transfer</b>	<u>597,776</u>	<u>-</u>	<u>597,776</u>
<b>Equity transfer of entities previously consolidated as noncontrolling interests</b>	<u>1,759,200</u>	<u>-</u>	<u>1,759,200</u>
<b>Change in net assets</b>	2,356,976	-	2,356,976
<b>Net assets, beginning of year</b>	<u>9,860,091</u>	<u>19,891</u>	<u>9,879,982</u>
<b>Net assets, end of year</b>	<u>\$12,217,067</u>	<u>\$ 19,891</u>	<u>\$ 12,236,958</u>

The accompanying notes are an integral part of these statements.

**The Whole Person, Inc.**  
**Consolidated Statements of Functional Expenses**  
**Year ended September 30, 2020**

	Title VII	Missouri Department of Vocational Rehabilitation	Kansas Independent Living	COVID-19	Kansas Home Community Based Services	Missouri Consumer Directed Services	Home health	In-home	Other programs	Total program services	Management and general	Fundraising	Total expenses
Salaries and wages	\$ 206,730	\$ 77,497	\$ 174,119	\$ 67,827	\$ 6,721,850	\$ 15,481,031	\$ 579,584	\$ 579,254	\$ 771,624	\$ 24,659,516	\$ 968,125	\$ 546,258	\$ 26,173,899
Payroll taxes and benefits	84,337	19,374	52,941	8,442	734,947	1,827,436	178,722	125,992	296,982	3,329,173	238,588	194,298	3,762,059
Professional fees					1,808	67,367	136,496	11,621	59,992	277,284	18,386	31,817	327,487
Occupancy			29,989	2,830	17,418	58,263	39,014	49,469	56,065	253,048	19,467	17,589	290,104
Travel				355	383	2,994	16,613	7,862	22,699	50,906	1,822	2,169	54,897
Printing and publications				427	463	1,860	1,928	321	1,719	6,718	1,412	14,844	22,974
Insurance					2,703	20,463	11,583	17,374	33,596	85,719	9,266	6,177	101,162
Supplies			5,160	20,101	1,488	7,644	10,769	3,246	7,862	56,270	7,136	3,818	67,224
Telephone				493	5,547	15,846	16,447	13,488	22,691	74,512	7,176	4,784	86,472
Postage				354	480	4,361	55	149	3,480	8,879	46	5,330	14,255
Conferences and conventions					552	556	1,919		12,768	15,795	8,303	1,819	25,917
Equipment rental and maintenance					320	11,854	1,372	10,064	11,406	35,016	4,341	4,338	43,695
Depreciation and amortization						143,925		122,201	138,494	404,620	65,174	43,449	513,243
Provision of uncollectible accounts					57,185		7,382		2,665	67,232			67,232
Membership dues					838	6,195	4,327	1,868	11,600	24,828	3,911	11,838	40,577
Advertising				505	18,139	314,158	109,516	4,617	24,939	471,874	3,794	45,883	521,551
Equipment				12,398	436	18,341	786	15,572	26,890	74,423	8,305	5,569	88,297
Software billing and licenses				1,339	1,628	134,518	44,053	26,251	15,469	223,258	5,581	7,053	235,892
Other				319	411	6,504	1,989	4,116	16,693	30,032	13,353	9,272	52,657
Interest					(30)	34,366		29,179	33,069	96,584	15,592	10,375	122,551
Consumer assistance				154,132		11,171	357	147	9,757	175,564	3,514		179,078
Home modifications									299,693	299,693			299,693
Consumer transition expenses									70,253	70,253			70,253
Meeting expenses				199	280	462	49	270	4,662	5,922	5,470	11,341	22,733
Fees and permits					8,298	16,327	2,493	5,834	9,973	42,925	13,789	2,920	59,634
	<u>\$ 291,067</u>	<u>\$ 96,871</u>	<u>\$ 262,209</u>	<u>\$ 269,721</u>	<u>\$ 7,575,144</u>	<u>\$ 18,185,642</u>	<u>\$ 1,165,454</u>	<u>\$ 1,028,895</u>	<u>\$ 1,965,041</u>	<u>\$ 30,840,044</u>	<u>\$ 1,422,551</u>	<u>\$ 980,941</u>	<u>\$ 33,243,536</u>

The accompanying notes are an integral part of these statements.

**The Whole Person, Inc.**  
**Consolidated Statements of Functional Expenses - Continued**  
**Year ended September 30, 2019**

	<u>Title VII</u>	<u>Missouri Department of Vocational Rehabilitation</u>	<u>Kansas Independent Living</u>	<u>Kansas Home Community Based Services</u>	<u>Missouri Consumer Directed Services</u>	<u>Home health</u>	<u>In-home</u>	<u>Other programs</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total expenses</u>
Salaries and wages	\$ 201,418	\$ 62,020	\$ 167,160	\$ 5,945,719	\$ 15,446,796	\$ 445,192	\$ 464,662	\$ 544,278	\$ 23,277,245	\$ 1,306,721	\$ 231,819	\$ 24,815,785
Payroll taxes and benefits	82,269	17,493	47,236	628,270	1,773,870	127,264	109,076	194,170	2,979,648	376,187	90,145	3,445,980
Professional fees				2,253	82,811	187,467	41,707	238,864	553,102	20,396	52,170	625,668
Occupancy			24,301	24,033	41,201	34,705	19,803	61,584	205,627	56,248	17,644	279,519
Travel				174	900	21,023	5,799	4,394	32,290	14,056	209	46,555
Printing and publications				846	5,925	2,002	184	1,215	10,172	9,643	3,533	23,348
Insurance				3,343	38,446		6,686	20,672	69,147	19,000	5,572	93,719
Supplies			1,227	3,881	11,935	5,505	4,949	19,338	46,835	11,309	13,276	71,420
Telephone			7,235	16,368	42,262	19,038	7,641	15,489	108,033		6,125	114,158
Postage			703	1,391	7,110	87	97	598	9,986	6,496	627	17,109
Conferences and conventions				10	2,166	5,446	1,172	26,199	34,993	20,699	1,181	56,873
Equipment rental and maintenance				1,583	18,202		3,166	9,787	32,738	8,996	13,391	55,125
Depreciation and amortization				14,684	168,872		29,369	90,799	303,724	83,457	24,474	411,655
Provision of uncollectible accounts				7,585		953			8,538			8,538
Membership dues				160	849	3,118	128	4,436	8,691	16,763	6,760	32,214
Advertising				30,552	28,417	2,137	1,654	6,826	69,586	392,308	30,725	492,619
Equipment				2,107	20,074	181	3,491	28,586	54,439	16,896	5,887	77,222
Software billing and licenses				2,450	136,507	34,455	20,029	28,526	221,967	11,714	7,483	241,164
Other			4,650	8,231	16,591	3,293	1,573	202,430	236,768	61,730	41,076	339,574
Interest				2,105	24,210		4,211	13,018	43,544	63,245	3,509	110,298
	<u>\$ 283,687</u>	<u>\$ 79,513</u>	<u>\$ 252,512</u>	<u>\$ 6,695,745</u>	<u>\$ 17,867,144</u>	<u>\$ 891,866</u>	<u>\$ 725,397</u>	<u>\$ 1,511,209</u>	<u>\$ 28,307,073</u>	<u>\$ 2,495,864</u>	<u>\$ 555,606</u>	<u>\$ 31,358,543</u>

The accompanying notes are an integral part of these statements.



**The Whole Person, Inc.**  
**Consolidated Statements of Cash Flows**  
**Years ended September 30,**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 157,970	\$ 2,356,976
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	513,242	411,655
Net realized and unrealized gains on investments	(97,324)	(47,695)
Noncontrolling interest equity and tax credit transfer		(1,759,200)
Changes in assets and liabilities		
Accounts receivable	(49,401)	839,497
Inventory	857	(6,089)
Prepaid expenses	(61,790)	2,818
Accounts payable	86,371	(134,676)
Accrued expenses	383,258	110,587
	<u>933,183</u>	<u>1,773,873</u>
<b>Net cash provided by operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(302,185)	(83,936)
Change in investments	(236,895)	(491,358)
Purchase of intangible asset		(200,000)
	<u>(539,080)</u>	<u>(775,294)</u>
<b>Net cash used by investing activities</b>		
<b>Cash flows from capital and related financing activities</b>		
Principal payments on long-term debt	(95,457)	(90,778)
Proceeds from line of credit		600,000
Principal payments on line of credit		(600,000)
Principal payments on capital lease obligations	(92,988)	(53,051)
	<u>(188,445)</u>	<u>(143,829)</u>
<b>Net cash used by financing activities</b>		
<b>Increase in cash and cash equivalents</b>	205,658	854,750
<b>Cash and cash equivalents at beginning of year</b>	<u>2,290,634</u>	<u>1,435,884</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 2,496,292</u>	<u>\$ 2,290,634</u>
<b>Supplemental cash flow information</b>		
Interest paid	<u>\$ 122,551</u>	<u>\$ 110,297</u>

The accompanying notes are an integral part of these statements.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements**  
**September 30, 2020 and 2019**

**Note A - Description of Reporting Entity and Summary of Significant Accounting Policies**

1. Organization

The Whole Person, Inc. (the Organization), located in Kansas City, Missouri, is a not-for-profit organization whose mission and principal activities are to improve the inclusion of persons with disabilities and to encourage persons with disabilities in Kansas and Missouri to live the most independent and full lives possible. The Organization's revenues and other support are derived principally from grants and fees from service contracts with the states of Missouri and Kansas.

In April of 2017, the Organization acquired the Medicare provider number of Angels Home Health located in St. Joseph, Missouri, that provides home health services in several counties of northwest Missouri.

2. Principals of consolidation

Prior to February 20, 2012, The Whole Person, Inc.'s consolidated financial statements included the accounts of The Whole Person, Inc., and its wholly-owned subsidiary, 3710 Main Street, LLC.

3710 Main Street, LLC owned property located at 3710 Main Street, Kansas City, Missouri, which is a registered historical property. The Whole Person's plan was to consolidate their current office locations into one location located at 3710 Main Street, which they completed during 2013. As a result, the Organization and 3710 Main Street, LLC undertook an effort to renovate the building located at 3710 Main Street. However, in order to provide adequate funding for the renovation, The Whole Person, Inc., and 3710 Main Street, LLC proposed several transactions to qualify for the Federal Historic Rehabilitation Tax Credit and Missouri Rehabilitation Tax Credit.

On February 20, 2012, The Whole Person, Inc., established four for-profit entities to comply with the qualifications for the tax credits: 3710 Main Street Developer, LLC, 3710 Main Street Tenant Manager, LLC, 3710 Main Street Manager, LLC, and 3710 Main Street Tenant, LLC.

On this date, The Whole Person, Inc., withdrew as the member of 3710 Main Street, LLC. 3710 Main Street, LLC entered into a master lease agreement with 3710 Main Street Tenant, LLC and a sublease was entered into with The Whole Person, Inc. 3710 Main Street Tenant, LLC collected lease payments from The Whole Person, Inc., and distributed the funds to 3710 Main Street, LLC to make long-term debt payments.

The Whole Person, Inc., is the 100 percent sole member of 3710 Main Street Developer, LLC and 3710 Main Street Tenant Manager, LLC. As of September 30, 2018, 3710 Main Street Tenant Manager, LLC had a .01 percent ownership interest in 3710 Main Street Manager, LLC. In September of 2018, 3710 Main Street Tenant Manager, LLC, purchased the 99.99 percent ownership interest of the federal investor of 3710 Main Street Tenant, LLC, to become the 100 percent sole member of 3710 Main Street Tenant, LLC. On November 15, 2018, the Organization purchased the 99.99 percent ownership of the state investor for 3710 Main Street Manager, LLC to become the sole owner and member of 3710 Main Street Manager, LLC. As a result of this purchase, the Organization now has a controlling interest in all of the four for-profit entities established on February 20, 2012, to comply with the tax credit qualifications. As of September 30, 2019, The Whole Person has 100 percent ownership in all companies and owns the property at 3710 Main Street.

These limited liability companies are all managed by employees and management of The Whole Person, Inc. There were no significant transactions during the fiscal year related to the four entities established during 2012, except for the noncontrolling equity interests being transferred back to the Organization in fiscal year 2019.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued**

With the Organization's purchase of the state investor's 99.99 percent ownership interest of 3710 Main Street Manager, LLC in November of 2018, the net assets of the noncontrolling interest was transferred to the Organization during the year ended September 30, 2019, and is reflected on the statement of activities as an equity transfer.

The Organization has also established The Kansas City Foundation for Independent Living (Foundation), a tax-exempt organization under Section 501 of the Internal Revenue Code. The purpose of establishing this Foundation is to support the operations of The Whole Person, Inc. During 2019, The Whole Person, Inc., contributed \$400,000 to the Foundation.

All significant intercompany accounts and transactions have been eliminated in consolidation.

3. Description of programs

Title VII - The Organization receives Title VII funds from the United States Department of Education to be used in a variety of programs designed to enhance the lives of persons with disabilities.

Missouri Department of Vocational Rehabilitation (Center for Independent Living) - Funds received for this program are used for information and referral and for community education for Missouri residents only.

Kansas Independent Living - Receives funds from the Kansas Department for Children and Families (DCF) to provide core independent living services to increase the independence and integration of persons with a disability in their community.

Kansas Home Community Based Services - The Organization receives per-unit administrative fees to do cash management, payroll processing, and case management for this program. The Organization also receives reimbursement for payroll expenses paid. Funding is provided by the State of Kansas.

Missouri Consumer Directed Services - The Organization receives per-unit administrative fees to do payroll processing, case management, and personal care attendance coordination for this program. The Organization also receives reimbursement for payroll expenses paid to the personal care attendants. Funding is provided by the Missouri Department of Health and Senior Services.

4. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

5. Basis of accounting

Transactions are recorded using the accrual basis of accounting wherein revenue is recorded as earned and expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued**

6. Fair value of financial instruments

The carrying amounts reported in the statements of financial position for financial instruments including cash and cash equivalents, investments, assets whose use is limited, accounts payable, and other liabilities and debt obligations approximate fair value.

7. Cash and cash equivalents

Cash and cash equivalents include all interest-bearing deposits, purchased with initial maturity dates of three months or less, excluding money market accounts held in brokerage accounts.

The Organization's cash accounts exceeded federally insured limits on September 30, 2020, by approximately \$1,884,000.

8. Investments and investment return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. The investments included in Note B, with the exception of funds at the Greater Kansas City Community Foundation, have been pledged as collateral on the line of credit agreement (see Note F) with the bank through a commercial pledge agreement.

Investment return that is initially restricted by donor stipulation and for which the restriction is satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as either with or without donor restrictions, based upon existence and nature of any legally imposed restrictions.

9. Accounts receivable

Accounts receivable are primarily from the State of Kansas for the Home Community Based Services program and from the State of Missouri for the Consumer Directed Services program. Accounts receivable are stated at the amounts billed to customers. Accounts outstanding beyond the time agreed upon for payment are considered past due. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and the specific circumstances of the customer.

10. Inventory

Inventory consists of operating supplies for catering services and is stated at cost, with cost determined on the first-in, first-out method.

11. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued**

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	20 - 40 years
Buildings and improvements	7 years
Land improvements	10 years
Furniture and equipment	5 years
Vehicles	5 years

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties.

12. Net assets

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

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

13. Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Contributions are recorded as either with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions.

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by a like amount.

14. Government grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued**

15. Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

Management is not aware of any issues that would affect the tax exempt status of the Organization, or any uncertainties in income tax provisions. The years ended September 30, 2020, 2019, 2018, and 2017, remain subject to examination for both federal and state purposes.

16. Functional allocation of expenses

The costs of supporting the various programs and other activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

17. Adoption of accounting pronouncement

In May of 2019, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-06, Intangibles - Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-For-Profit Entities (Topic 958) - *Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*. The update simplifies the subsequent accounting for goodwill and the accounting for certain identifiable intangible assets in a business combination. During 2020, the Organization chose to amortize their intangible assets on a straight-line method over 10 years as permitted under ASU 2019-06. The adoption of ASU 2019-06 was made on a prospective basis, so no adjustment to the 2019 financial statements was necessary.

**Note B - Investments and Investment Return**

Investments are stated at fair value and are summarized as follows:

	<u>2020</u>	<u>2019</u>
Money market mutual funds	\$ 105,035	\$ 75,810
Common stock	558,085	575,319
Equity mutual funds	1,251,048	1,204,682
Fixed income mutual funds	2,237,431	2,198,249
Large blended multi-alternative funds	123,723	41,394
Greater Kansas City Community Foundation	<u>154,351</u>	<u>                    </u>
	<u>\$ 4,429,673</u>	<u>\$ 4,095,454</u>

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note B - Investments and Investment Return - Continued**

Total investment return is comprised of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 96,280	\$ 102,379
Net realized and unrealized gains	<u>97,324</u>	<u>47,695</u>
	<u>\$ 193,604</u>	<u>\$ 150,074</u>

**Note C - Property and Equipment**

Property and equipment and accumulated depreciation are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 82,500	\$ 82,500
Buildings and improvements	6,927,957	6,927,957
Furniture and equipment	848,759	836,250
Vehicles	<u>431,838</u>	<u>142,162</u>
	8,291,054	7,988,869
Less accumulated depreciation	<u>2,620,607</u>	<u>2,183,365</u>
	<u>\$ 5,670,447</u>	<u>\$ 5,805,504</u>

**Note D - Information about Liquidity and Availability**

The Organization strives to maintain liquid financial assets sufficient to cover ongoing general expenditures by operating within a prudent range of financial soundness and stability. Financial assets available to meet cash needs for general expenditures within one year are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,496,292	\$ 2,290,634
Investments	4,429,673	4,095,454
Accounts receivable	<u>2,998,320</u>	<u>2,948,919</u>
Total financial assets	9,924,285	9,335,007
Less financial assets with donor restrictions	<u>(19,891)</u>	<u>(19,891)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,904,394</u>	<u>\$ 9,315,116</u>

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note E - Intangible Assets**

The Organization's intangible assets consist of a Medicare provider number for a home health agency that was acquired in April of 2017, the purchase of a Kansas Fiscal Management Services for Home and Community Based Services provider number effective January 1, 2018, and the purchase of the provider number of a Missouri in home program in September 2019. During the fiscal year ended September 30, 2020, the Organization adopted Accounting Standards Update (ASU) 2019-06, which simplifies the subsequent accounting for goodwill and the accounting for certain identifiable intangible assets in a business combination. The Organization, under the applicable provisions of ASU 2019-06, has chosen to amortize intangible assets over 10 years.

**Note F - Line of Credit**

The Organization has entered into a revolving credit agreement with an available limit of \$600,000 with a maturity date of September 15, 2021. At September 30, 2020 and 2019, there were no borrowings outstanding against this line. The line was collateralized by substantially all of the Organization's assets. Interest varied with the bank's prime rate, which was 3.25 percent and 5.50 percent on September 30, 2020 and 2019, respectively.

**Note G - Long-term Debt**

Long-term debt obligations consist of the following:

	<u>2020</u>	<u>2019</u>
Note payable (UMB)	\$ 1,775,139	\$ 1,870,596
Capital lease obligations	<u>51,819</u>	<u>144,807</u>
Noncurrent portion	1,826,958	2,015,403
Less current maturities	<u>140,908</u>	<u>152,267</u>
	<u>\$ 1,686,050</u>	<u>\$ 1,863,136</u>

The UMB note payable is due May 21, 2023; interest is payable at the monthly rate of 5.25 percent. This is an extension of the original UMB note payable that was due February 21, 2018. Principal and interest payments of \$16,079.55 are due in 59 monthly installments beginning in June of 2018, with an estimated final payment of \$1,509,248.58 due in May of 2023, secured by property. The note payable was entered into with 3710 Main Street, LLC and is guaranteed by The Whole Person, Inc. The Organization acquired the 3710 Main Street building from 3710 Main Street, LLC during the year ended September 30, 2019, and therefore, the note payable was transferred to The Whole Person, Inc.

Capital lease obligations include leases for printers with an imputed interest rate of 4.00 percent due through 2022.



**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note G - Long-term Debt - Continued**

Aggregate annual maturities of long-term debt and payments on capital lease obligations at September 30, 2020, are:

	Long-term debt excluding <u>leases</u>	Capital lease <u>obligations</u>
Year ended September 30,		
2021	\$ 102,361	\$ 40,223
2022	107,868	13,632
2023	<u>1,564,910</u>	<u>                    </u>
	1,775,139	53,855
Less amount representing interest	<u>                    </u>	<u>2,036</u>
Present value of future minimum lease payments	<u>\$ 1,775,139</u>	<u>\$ 51,819</u>

Total interest expense for 2020 and 2019 was \$122,551 and \$110,298, respectively.

Property and equipment include the following property under capital leases:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 178,108	\$ 270,067
Less accumulated depreciation	<u>127,644</u>	<u>128,806</u>
	<u>\$ 50,464</u>	<u>\$ 141,261</u>

**Note H - Net Assets**

Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
United Way funding (time restrictions)	<u>\$ 19,891</u>	<u>\$ 19,891</u>

**Note I - Related-Party Transactions**

The Whole Person, Inc., transferred \$400,000 to The Kansas City Foundation for Independent Living during the year ended September 30, 2019. The assets and activity of the Foundation are included in the consolidated financial statements.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note J - Operating Leases**

Total rent expense for noncancellable operating leases for office equipment was \$36,622 and \$41,026 for the years ended September 30, 2020 and 2019, respectively.

**Note K - Retirement Plans**

The Organization makes contributions to a Simplified Employee Pension Individual Retirement Account for each full-time employee in an amount equal to 4.37 percent of eligible compensation. Effective November 30, 2017, the Organization offers a 50 percent match on compensation up to a 2 percent match in addition to the 4.37 percent of eligible compensation. Pension expense was \$227,750 and \$218,803, for 2020 and 2019, respectively.

The Organization has a 403(b) retirement plan covering all eligible employees who have elected to participate. This plan only permits employee salary reduction contributions.

**Note L - Fair Value Measurements**

Fair value is defined as 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. Fair value is determined according to a hierarchy that gives highest priority to use of observable inputs and lowest priority to use of unobservable inputs. These inputs are described as follows:

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable, supported by little or no market activity, and are significant to the fair value measurement.

Fair value measurement is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used by the Organization, for assets measured at fair value on a recurring basis.

Money market accounts, common stock, equity mutual funds, fixed income mutual funds, and large blended multi-alternative funds are valued at unadjusted quoted prices for identical securities in active markets.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note L - Fair Value Measurements - Continued**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated financial statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

	September 30, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market mutual funds	\$ 105,035	\$ -	\$ -	\$ 105,035
Common stock	558,085			558,085
Equity mutual funds	1,251,048			1,251,048
Fixed income mutual funds	2,237,431			2,237,431
Large blended multi-alternative funds	123,723			123,723
Greater Kansas City Community Foundation		154,351		154,351
Total investments at fair value	<u>\$ 4,275,322</u>	<u>\$ 154,351</u>	<u>\$ -</u>	<u>\$ 4,429,673</u>

	September 30, 2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market mutual funds	\$ 75,810	\$ -	\$ -	\$ 75,810
Common stock	575,319			575,319
Equity mutual funds	1,204,682			1,204,682
Fixed income mutual funds	2,198,249			2,198,249
Large blended multi-alternative funds	41,394			41,394
Total investments at fair value	<u>\$ 4,095,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,095,454</u>

**Note M - Concentration of Credit Risk**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Revenues and accounts receivable

Approximately 95 percent and 94 percent of all revenues were received from fee for service contracts with the states of Missouri and Kansas in 2020 and 2019, respectively. As of September 30, 2020 and 2019, approximately 90 percent and 89 percent, respectively, of the Organization's receivables were due from the fee for service contracts with the states of Missouri and Kansas. The services provided are for Medicaid eligible consumers and any change in the funding of Medicaid may have a significant impact on the performance of the Organization.

**The Whole Person, Inc.**  
**Notes to Consolidated Financial Statements - Continued**  
**September 30, 2020 and 2019**

**Note M - Concentration of Credit Risk - Continued**

Accounts receivable

See Note A9 for the Organization's methodology for estimating the allowance for doubtful accounts.

**Note N - Subsequent Events**

Subsequent to September 30, 2020, the Organization is continuing to closely monitor its operations, liquidity, and capital resources in response to the ongoing worldwide coronavirus pandemic. The Organization's financial statements do not include any adjustments related to the impact of the pandemic.

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.