THE MENTAL HEALTH ASSOCIATION
OF ROCHESTER/MONROE COUNTY, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2018
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

DeJoy, Knauf & Blood LLP
certified public accountants

Rochester, New York

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Mental Health Association
of Rochester/Monroe County, Inc.:

We have audited the accompanying financial statements of The Mental Health Association of Rochester/Monroe County, Inc. (the "Association"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, functional revenue, functional expenses, 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.

Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Association's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

DeJoy, Knauf & Blood, LLP

May 28, 2019.

DEJOY, KNAUF
& BLOOD LLP
certified public accountants

THE MENTAL HEALTH ASSOCIATION
OF ROCHESTER/MONROE COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(with comparative totals as of December 31, 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 150,561	$ 131,032
Grants and accounts receivable, net of allowance for doubtful accounts of $20,000 and $0 at December 31, 2018 and 2017, respectively	209,065	159,195
Prepaid expenses	32,348	24,113
Total current assets	391,974	314,340
INVESTMENTS	428,788	445,598
PROPERTY AND EQUIPMENT, net	110,617	89,239
TOTAL ASSETS	$ 931,379	$ 849,177
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Line of credit	$ 50,000	$ -
Accounts payable	103,334	50,852
Accrued payroll and related benefits	76,444	76,480
Deferred revenue	21,974	46,174
Total current liabilities	251,752	173,506
NET ASSETS:		
Without donor restrictions	582,330	594,768
With donor restrictions	97,297	80,903
Total net assets	679,627	675,671
TOTAL LIABILITIES AND NET ASSETS	$ 931,379	$ 849,177

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

THE MENTAL HEALTH ASSOCIATION OF ROCHESTER/MONROE COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018			2017
	Without donor restrictions	With donor restrictions	Total	Total
SUPPORT AND OTHER REVENUE:				
Public support -				
Monroe County/Coordinated Care Services, Inc.	$ 1,614,546	$ -	$ 1,614,546	$ 1,567,778
Other government funding	360,766	-	360,766	355,925
United Way of Greater Rochester	104	90,400	90,504	90,917
Adjustment to prior year's revenue	(34,705)	-	(34,705)	(4,687)
Total public support	1,940,711	90,400	2,031,111	2,009,933
Other support -				
Fundraising and other	127,287	-	127,287	101,825
Foundation support	68,118	20,000	88,118	27,116
Gifts and bequests	10,602	-	10,602	3,233
Total other support	206,007	20,000	226,007	132,174
Other revenue -				
Program income:				
Program fees	301,617	-	301,617	319,148
Sale of materials	47,077	-	47,077	38,402
Investment return (loss), net	(15,956)	-	(15,956)	44,427
Miscellaneous income	475	-	475	1,815
Total other revenue	333,213	-	333,213	403,792
Net assets released from restriction	94,006	(94,006)	-	-
Total support and other revenue	2,573,937	16,394	2,590,331	2,545,899
EXPENSES:				
Program services -				
Family Support Services	504,423		504,423	509,280
Wyoming County	334,016		334,016	312,178
Drop-In Services	252,245		252,245	243,132
Creative Wellness Opportunities	211,210		211,210	218,451
Transitional Coaching	218,940		218,940	219,975
Life Skills	186,612		186,612	188,944
Consumer Self Help	140,967		140,967	173,634
Livingston County	38,518		38,518	36,714
Ontario County	24,574		24,574	18,266
Other Programs	260,739		260,739	218,416
Total program services	2,172,244		2,172,244	2,138,990
Supporting services -				
Management and general	308,009		308,009	293,893
Fundraising	106,122		106,122	55,742
Total supporting services	414,131		414,131	349,635
Total expenses	2,586,375		2,586,375	2,488,625
CHANGE IN NET ASSETS	(12,438)	16,394	3,956	57,274
NET ASSETS, beginning of year	594,768	80,903	675,671	618,397
NET ASSETS, end of year	$ 582,330	$ 97,297	$ 679,627	$ 675,671

The accompanying notes to financial statements
are an integral part of this statement.

THE MENTAL HEALTH ASSOCIATION OF ROCHESTER/MONROE COUNTY, INC.
STATEMENT OF FUNCTIONAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative totals for the year ended December 31, 2017)

	PROGRAM SERVICES											SUPPORTING SERVICES				
	Family Support Services	Wyoming County	Drop-In Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self Help	Livingston County	Ontario County	Other Programs	Total	Management and General	Fundraising	Total	2018 Total	2017 Total
Public support -																
Monroe County/Coordinated Care Services, Inc.	$ 592,943	$ -	$ 276,597	$ 227,846	$ 156,144	$ 201,796	$ 159,220	$ -	$ -	$ -	$ 1,614,546	$ -	$ -	$ -	$ 1,614,546	$ 1,567,778
Other government funding	-	288,077	-	-	-	-	-	42,967	29,722	-	360,766	-	-	-	360,766	355,925
United Way of Greater Rochester	-	750	-	-	89,650	-	-	-	-	-	90,400	-	104	104	90,504	90,917
Adjustment to prior year’s revenue	-	(35,185)	-	-	-	-	-	480	-	-	(34,705)	-	-	-	(34,705)	(4,687)
Total public support	592,943	253,642	276,597	227,846	245,794	201,796	159,220	43,447	29,722	-	2,031,007	-	104	104	2,031,111	2,009,933
Other support -																
Fundraising and other	-	12,732	113	5,225	-	-	-	460	-	-	18,530	377	108,380	108,757	127,287	101,825
Foundation support	-	-	-	-	5,030	-	2,100	-	-	60,988	68,118	-	20,000	20,000	88,118	27,116
Gifts and bequests	-	-	-	-	-	-	-	-	-	-	-	-	10,602	10,602	10,602	3,233
Total other support	-	12,732	113	5,225	5,030	-	2,100	460	-	60,988	86,648	377	138,982	139,359	226,007	132,174
Other revenue -																
Program income:																
Program fees	1,058	12,513	-	750	2,000	-	11,333	-	-	273,963	301,617	-	-	-	301,617	319,148
Sale of materials	-	46,577	-	500	-	-	-	-	-	-	47,077	-	-	-	47,077	38,402
Investment return (loss), net	-	-	-	-	-	-	-	-	-	-	-	(15,956)	-	(15,956)	(15,956)	44,427
Miscellaneous income	187	136	-	-	-	-	-	-	-	-	323	152	-	152	475	1,815
Total other revenue	1,245	59,226	-	1,250	2,000	-	11,333	-	-	273,963	349,017	(15,804)	-	(15,804)	333,213	403,792
Total support and other revenue	$ 594,188	$ 325,600	$ 276,710	$ 234,321	$ 252,824	$ 201,796	$ 172,653	$ 43,907	$ 29,722	$ 334,951	$ 2,466,672	$ (15,427)	$ 139,086	$ 123,659	$ 2,590,331	$ 2,545,899

The accompanying notes to financial statements
are an integral part of this statement.

THE MENTAL HEALTH ASSOCIATION OF ROCHESTER/MONROE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative totals for the year ended December 31, 2017)

	PROGRAM SERVICES											SUPPORTING SERVICES				
	Family Support Services	Wyoming County	Drop-In Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self Help	Livingston County	Ontario County	Other Programs	Total	Management and General	Fundraising	Total	2018 Total	2017 Total
SALARIES AND RELATED EXPENSES:																
Salaries	$ 314,313	$ 149,063	$ 147,885	$ 103,461	$ 140,058	$ 84,886	$ 75,551	$ 22,585	$ 15,335	$ 151,507	$ 1,204,644	$ 132,804	$ 54,007	$ 186,811	$ 1,391,455	$ 1,423,366
Payroll taxes and benefits	62,073	33,619	29,068	20,803	24,291	19,519	15,293	4,084	2,575	25,088	236,413	24,754	4,642	29,396	265,809	278,945
Vacation accrual adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,060
Total salaries and related expenses	376,386	182,682	176,953	124,264	164,349	104,405	90,844	26,669	17,910	176,595	1,441,057	157,558	58,649	216,207	1,657,264	1,706,371
OTHER EXPENSES:																
Occupancy	37,415	22,300	23,086	33,237	14,080	56,069	12,505	3,600	2,754	11,015	216,061	29,843	3,050	32,893	248,954	240,154
Contract service fees	11,259	10,698	145	1,223	6,165	790	2,548	525	599	12,981	46,933	29,527	13,387	42,914	89,847	48,847
Supplies	8,544	16,047	4,884	8,865	3,434	2,027	2,555	452	437	14,831	62,076	10,016	2,234	12,250	74,326	50,894
Equipment rental and maintenance	13,983	3,606	1,703	8,620	2,281	4,710	4,020	135	67	2,338	41,463	7,986	124	8,110	49,573	42,476
Participant meetings	6,197	17,420	7,523	5,163	4,734	770	2,058	1,469	486	1,181	47,001	125	-	125	47,126	50,642
Travel	8,392	10,755	2,204	1,093	3,479	1,488	4,622	2,382	179	5,970	40,564	692	41	733	41,297	43,701
Meetings and conferences	5,779	855	2,286	3,646	12,281	158	9,314	218	220	30	34,787	4,739	75	4,814	39,601	26,110
Utilities	4,813	13,571	3,083	3,055	2,005	5,790	2,017	-	-	581	34,915	3,551	401	3,952	38,867	33,652
Telephone	11,293	7,899	3,268	1,336	2,010	1,647	1,637	1,286	1,035	5,196	36,607	1,802	-	1,802	38,409	35,281
Professional fees	1,203	6,037	541	348	366	338	997	99	99	758	10,786	19,650	11	19,661	30,447	26,822
Volunteer stipends	919	9,438	40	13,069	-	2,537	3,020	-	-	620	29,643	-	-	-	29,643	31,640
Insurance	5,582	7,331	1,776	1,994	1,520	3,012	1,240	364	-	359	23,178	4,788	136	4,924	28,102	29,922
Special events	-	3,114	-	-	-	-	-	-	-	-	3,114	-	20,970	20,970	24,084	6,659
Loss on disposal of property and equipment	-	6,518	-	-	-	-	-	-	-	-	6,518	13,982	-	13,982	20,500	-
Bad debt expense	-	-	-	-	-	-	-	-	-	20,000	20,000	-	-	-	20,000	-
Media	1,508	1,944	3,345	314	545	314	1,127	597	-	976	10,670	5,096	1,726	6,822	17,492	15,584
Small equipment purchases	2,730	2,596	320	600	715	428	1,038	-	580	1,019	10,026	1,542	-	1,542	11,568	21,161
Building repairs	-	-	11,334	-	-	-	-	-	-	-	11,334	-	-	-	11,334	-
Membership dues	335	-	130	130	205	130	315	-	-	-	1,245	6,161	-	6,161	7,406	7,936
Program participation benefits	-	-	7,250	-	-	-	-	-	-	-	7,250	-	-	-	7,250	7,840
Postage	2,486	1,242	114	283	235	132	443	45	23	839	5,842	509	686	1,195	7,037	5,889
Printing	615	202	33	219	137	120	549	-	163	636	2,674	1,241	2,911	4,152	6,826	16,366
Duplication	67	-	219	15	269	8	21	23	-	4,504	5,126	13	830	843	5,969	4,988
Subscriptions and publications	390	384	389	738	100	285	4	654	22	114	3,080	2,134	51	2,185	5,265	8,167
Interest expense	-	-	-	-	-	-	-	-	-	-	-	2,641	-	2,641	2,641	1,197
Bank fees	-	-	-	-	-	-	-	-	-	-	-	2,508	-	2,508	2,508	2,312
Miscellaneous	-	(299)	2	-	-	-	-	-	-	-	(297)	170	840	1,010	713	968
Total expenses before depreciation	499,896	324,340	250,628	208,212	218,910	185,158	140,874	38,518	24,574	260,543	2,151,653	306,274	106,122	412,396	2,564,049	2,465,579
Depreciation	4,527	9,676	1,617	2,998	30	1,454	93	-	-	196	20,591	1,735	-	1,735	22,326	23,046
Total expenses	$ 504,423	$ 334,016	$ 252,245	$ 211,210	$ 218,940	$ 186,612	$ 140,967	$ 38,518	$ 24,574	$ 260,739	$ 2,172,244	$ 308,009	$ 106,122	$ 414,131	$ 2,586,375	$ 2,488,625

The accompanying notes to financial statements
are an integral part of this statement.

THE MENTAL HEALTH ASSOCIATION
OF ROCHESTER/MONROE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,956	$ 57,274
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,326	23,046
Loss (gain) on investments, net	22,644	(39,382)
Increase in grants and accounts receivable, net	(49,870)	(45,776)
(Increase) decrease in prepaid expenses	(8,235)	12,141
Increase (decrease) in accounts payable	52,482	(28,487)
(Decrease) increase in accrued payroll and related benefits	(36)	5,743
Decrease in deferred revenue	(24,200)	(12,831)
Loss on disposal of property and equipment	20,500	-
Total adjustments	35,611	(85,546)
Net cash provided by (used in) operating activities	39,567	(28,272)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(64,204)	(18,916)
Net purchases of investments	(5,834)	(4,665)
Net cash used in investing activities	(70,038)	(23,581)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances on line of credit	50,000	-
Net cash provided by financing activities	50,000	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,529	(51,853)
CASH AND CASH EQUIVALENTS, beginning of year	131,032	182,885
CASH AND CASH EQUIVALENTS, end of year	$ 150,561	$ 131,032

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

THE MENTAL HEALTH ASSOCIATION
OF ROCHESTER/MONROE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION

The Mental Health Association of Rochester/Monroe County, Inc. (the "Association") is a not-for-profit corporation formed for the purpose of promoting mental wellness for all members of the Greater Rochester community. The Association receives funding in the form of grants and service contracts from Coordinated Care Services, Inc. (as administrator for the Monroe County Office of Mental Health), United Way of Greater Rochester, Livingston County Community Services, Ontario County Mental Health, Wyoming County Department of Mental Health and other funding sources to provide educational and support services to consumers of mental health services and those at risk of developing mental health problems.

Individuals can obtain information about mental health and support services in a number of different ways. These include the Therapist Referral Service; *Finding Your Way: A Guide to Behavioral Health Services in Monroe and Livingston Counties* which is updated on an ongoing basis and is distributed free to the community, and the Support Directory which provides information on over 200 self-help groups in the community. Both Finding Your Way and the Support Directory are available on the Association's website. The Association offers trainings to recipients of mental health services through Life Management, Skill Building and Recovery Classes. The Association also offers a number of educational programs that are open to the public.

The Association offers a number of services that provide personalized information and assistance. The Association offers short-term assistance to those seeking services or experiencing problems with the mental health system through the Consumer Self Help program. Longer-term assistance is offered through Transitional Coaching which allows individuals to explore their options, connect with community resources and resolve issues relating to their specific situation.

Recipients or family members of recipients of mental health services staff a number of the Association's services. These include Family Support Services, the Self Help Drop-In Services and its Warm Line, Creative Wellness Opportunities and Life Skills Services. All of these services are based on the concepts of self-help and recovery and seek to provide information and support as individuals identify personal wellness goals and seek to achieve them.

The Association has a regional presence with offices in Livingston, Ontario and Wyoming Counties. Services have been developed to reflect the needs of these counties. In Livingston County, the Association acts as an information and referral agency and sponsors a number of educational workshops on an annual basis. In Ontario County, the Association provides a number of educational workshops, individual one to one assistance and support groups. In Wyoming County, the Association provides a number of peer-run services including a thrift store, transportation service and drop-in center.

The management of the Association is governed by the Board of Directors (the "Board") and various committees established under the by-laws of the Board to fulfill its mission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting -

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of estimates -

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions which 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 revenue and expenses during the reporting periods. Significant estimates include, but are not limited to, the allowance for doubtful accounts, the fair value of investments, useful lives of property and equipment, and the allocation of functional expenses. Accordingly, actual results could differ from these estimates, and those differences could be material.

Cash and cash equivalents -

Cash includes cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donor for long-term purposes.

Financial instruments and credit risk -

Deposit concentration risk is managed by placing cash, money market accounts and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or may include uninsured investments in money market mutual funds. To date, management has not experienced losses in any of these accounts.

Credit risk with accounts receivable and contributions receivable is considered to be limited due to high historical collection rates from governmental entities. Investments are comprised of a broadly diversified portfolio.

Grants and accounts receivable and allowance for doubtful accounts -

The Association extends credit to third-party providers in the normal course of business. Management periodically reviews the sufficiency of the allowance for doubtful accounts, taking into consideration its historical losses and existing economic conditions, and makes adjustments to the allowance as it considers necessary. Grants and accounts receivable are written off in the period in which the receivable is deemed uncollectible.

Contributions and grants are recorded as support in the appropriate class of net assets, based on applicable donor restrictions at the time the contribution is received or an irrevocable commitment is made.

Investments -

Investments are initially recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses including custodial and investment advisory fees. The Association invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

Fair value measurements -

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date, under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Valuation based on observable inputs other than quoted prices within Level 1 that include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Property and equipment -

Property and equipment is recorded at cost, or fair value if donated. The general policy is to capitalize property and equipment in excess of $1,000 with a useful life greater than one year.

Depreciation is calculated using the straight-line method over the following useful lives:

Leasehold improvements	15 years
Equipment	5 years
Vehicles	5 years
Furniture and fixtures	5 - 7 years

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve of extend the useful lives of the respective assets are expensed currently.

Long-lived assets -

Management reviews long-lived assets, including property and equipment, to be held and used for possible impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of these assets is measured by comparison of the carrying value of the asset to the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the assets are considered to be impaired, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset. At December 31, 2018, there were no such impairments.

Deferred revenue and revenue recognition -

Revenue is recognized when earned, usually as services are rendered. Deferred revenue reflects grant income and other purpose restricted contributions collected by the Association in advance of year end, but not yet earned. Certain of the Association's revenues are subject to audit and retroactive adjustment by its funders. Any changes resulting from these audits are recognized in the year they become known.

Net assets -

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated, from net assets without donor restrictions, investments for operating reserves.

Net assets with donor restrictions - Net assets subject to donor 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 restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Such gifts may stipulate that the entity may expend the income generated by the assets in accordance the provisions of additional donor imposed stipulations or a Board approved spending policy.

Gifts of long-lived assets and gifts restricted for the acquisition of long-lived assets are recognized when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, when the time period has elapsed or when the stipulated purpose for which the resource has been restricted has been fulfilled.

Donated services -

A substantial number of volunteers have donated significant amounts of time to support activities and governance of the Association. No amounts have been recognized in the statement of activities since time contributed by the volunteers does not meet the criteria established by GAAP.

Advertising -

Advertising costs are expensed as incurred. Advertising costs were $17,492 and $15,584 for the years ended December 31, 2018 and 2017, respectively.

Income taxes -

The Association is an exempt organization under Internal Revenue Code Section 501(c)(3). The Association has also been classified as an entity that is not a private foundation.

Management has determined that the Association has no uncertain tax positions, including the tax exempt status of the Association as of December 31, 2018.

Functional allocation of expenses -

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributable to a specific functional area of the Association are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time studies for the individuals salary and benefits, square footage of space utilized and other usage patterns established by the policies and procedures of the Association.

Prior year comparative information -

The financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements as of and for the year ended December 31, 2017, from which the summarized information was derived.

Prior period reclassifications -

Certain reclassifications have been made to the prior year summarized comparative information to conform to the current year presentation.

Change in accounting principle -

For the year ended December 31, 2018, the Association adopted Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). ASU 2016-14 changes the reporting model for not-for-profit entities and adds required disclosures which include the following:

- The prior three categories of unrestricted, temporarily and permanently restricted net assets were modified to be 1) *without* donor restrictions and 2) *with* donor restrictions. The existence and purpose of any board designated assets within net assets without donor restrictions must be disclosed.
- Quantitative and qualitative disclosures are required regarding the liquidity and availability of financial resources.
- The reporting of expenses by both function and natural classification with a description of the nature of expenses that are allocated between programs and supporting services and the specific methods used for those allocations.
- Investment returns are reported net of any related expenses and the disclosure of investment expenses is no longer be required.
- The adoption of ASU 2016-14 requires retrospective application for the 2017 comparative information. The Association has opted to not disclose liquidity and availability of financial resources information for 2017 as permitted in the year of adoption of ASU 2016-14. In addition, the Association changed its presentation of its net asset classes and expanded the footnote disclosures as required by ASU 2016-14.

Recent accounting pronouncements -

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), is effective for the year ending December 31, 2019. ASU 2018-08 provides a framework for determining whether a grant or similar contract should be accounted for as a contribution or as an exchange transaction. One of the criteria under the new guidance is to evaluate whether the resource provider is receiving value in return for the resources transferred to the not-for-profit entity (i.e. an exchange transaction) with the understanding that a governmental agency or private foundation is not synonymous with the general public. The evaluation of grants that take the form of conditional contributions would consider the existence of measurable performance-related barriers or other criteria prior to the timing of the recognition of the related revenue. The Association is currently evaluating the impact the adoption of this guidance will have on its financial statements.

ASU 2016-02, *Leases,* is effective for the year ending December 31, 2020. This guidance impacts the presentation of an entity's leasing activities and will require the recognition of lease (right-of-use) assets and related lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements. The Association is currently evaluating the impact the adoption of this guidance will have on its financial statements.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Association invests in a money market fund and marketable securities. The fair value of investments using Level 1 inputs measured on a recurring basis at December 31 is as follows:

	2018	2017
Money market fund	$ 20,537	$ 3,445
Fixed income mutual and exchange traded funds	175,705	178,034
U.S. equities	227,840	252,278
International exchange traded fund	4,706	11,841
	$428,788	$445,598

Fair value measurements are obtained using quoted prices in active markets using closing prices for equities and exchange traded funds and the net asset values of the fixed income mutual funds at the measurement dates. There were no changes in fair value measurement techniques during the year ended December 31, 2018.

The following summarizes the changes in fair value of investments for the years ended December 31:

	2018	2017
Balance, beginning of year	$445,598	$401,550
Investment income, net	5,834	4,666
Realized and unrealized gain (loss)	(22,644)	39,382
Balance, end of year	$428,788	$445,598

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2018	2017
Leasehold improvements	$ 109,749	$ 125,266
Equipment	63,001	90,073
Vehicles	21,241	69,155
Furniture and fixtures	86,036	61,990
	280,027	346,484
Less - accumulated depreciation	(169,410)	(257,245)
	$ 110,617	$ 89,239

Depreciation for the years ended December 31, 2018 and 2017, totaled $22,326 and $23,046, respectively, and is allocated to programs and supporting services on the statement of functional expenses.

5. LINE OF CREDIT

The Association has a line of credit with Manufacturers and Traders Trust Company (the "Bank") which provides for maximum borrowings of up to $300,000. The line of credit bears interest at the Bank's prime rate plus 1.5%. The Bank's prime rate was 5.50% at December 31, 2018. The line of credit is secured by substantially all assets of the Association. Outstanding borrowings on the line of credit were $50,000 and $0 at December 31, 2018 or 2017, respectively.

6. COMMITMENTS AND CONTINGENCIES

The Association has entered into non-cancelable operating lease agreements for the rental of office space, office equipment and other facilities.

Estimated future minimum lease and common area maintenance payments required under these non-cancelable operating leases are as follows:

Year ending December 31,	
2019	$190,554
2020	176,433
2021	107,325
	$474,312

Rent expense under all lease agreements totaled approximately $242,000 and $227,000 for the years ended December 31, 2018 and 2017, respectively.

Expenditures under grant contracts administered by the County of Monroe (Coordinated Care Services, Inc. for the year ended December 31, 2017) and other governmental entities are subject to retrospective audit and adjustment. This is reflected as adjustments to prior year's revenue in the statement of activities and change in net assets.

The Association is a party to an unemployment trust (the "Trust") as an alternative to the State Unemployment Insurance requirement. Under the terms of the Trust, the Association is required to remit payments each year to fund the Trust. These payments are used to pay unemployment claims as they arise. As of December 31, 2018 and 2017, the Association had a cash balance of approximately $55,100 and $52,700, respectively within the Trust. At December 31, 2018, the Trust remains open and there has been no final determination of any future liabilities or assets related to this Trust.

Currently, the Association's policy is to account for the Trust payments as expenses when remittances are paid by the Association. The value of the Association's related cash balance has not been reflected in the accompanying statements of financial position at December 31, 2018 and 2017.

7. RETIREMENT PLAN

The Association maintains a 401(k) plan (the "Plan") covering substantially all employees who have attained the age of twenty-one and who have met certain eligibility requirements. The Plan is subject to provisions of the Employee Retirement Income Security Act of 1974, as amended. Participants may elect to defer a percentage of their compensation under the Plan which may not exceed the dollar limit set by law and may select from a variety of investment options. The Association contributes an amount equal to 100% of the participant's elective deferral up to 2% of the participant's compensation. The Association may also make a discretionary contribution to the Plan. The Association elected to make a 3% discretionary contribution for the Plan years ended December 31, 2018 and 2017.

Total Association contributions under this Plan were $42,583 and $45,301 for the years ended December 31, 2018 and 2017, respectively.

8. RISK CONCENTRATIONS

During both of the years ended December 31, 2018 and 2017, one funder individually accounted for approximately 63% of total support and other revenue, respectively. Accounts receivable from this funder were approximately $30,800 and $0 at December 31, 2018 and 2017, respectively.

During both of the years ended December 31, 2018 and 2017, an additional funder accounted for approximately 11% of total support and revenue. Accounts receivable from this funder were $0 and approximately $1,000 at December 31, 2018 and 2017, respectively.

9. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at December 31:

	2018	2017
Board designated	$428,788	$445,598
Undesignated	153,542	149,170
	$582,330	$594,768

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2018	2017
United Way of Greater Rochester	$52,297	$55,903
Creative Wellness Opportunities	25,000	25,000
Center for Health and Well Being	20,000	-
	$97,297	$80,903

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

At December 31, 2018, the Association's financial assets available within one year to meet general expenditures include:

Cash and cash equivalents	$ 150,561
Accounts receivable, net	209,065
Investments	428,788
	788,414
Less financial assets unavailable for general expenditures due to designations:	
Investments - board designated	(428,788)
Net available financial assets	$ 359,626

Cash balances and accounts receivable are available for general expenditure. To assist management in managing liquidity needs in the event of delays in contract payments, the Association has a line of credit with the Bank with a maximum draw amount of $300,000. At December 31, 2018, the amount outstanding on the line of credit is $50,000 (see Note 5).

The Board has designated investments for operating and capital reserves and while the Board does not intend to spend these funds for purposes other than those identified, amounts could be made available for current operations, if necessary.

12. SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash paid for interest was $2,641 and $1,197 for the years ended December 31, 2018 and 2017, respectively.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 28, 2019, the date the financial statements were available to be issued.

Effective January 1, 2019, all mental health programs administered in Wyoming County are administered by the Wyoming County Mental Health Department. Certain property and equipment were transferred to the Wyoming County Mental Health Department as part of this transfer. This transaction is not expected to have a significant impact on future operations of the Association.