

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

FINANCIAL STATEMENTS
DECEMBER 31, 2015
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

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, 2015, and the related statements of activities and change in net assets, functional revenue and 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

DeJoy, Knauf & Blood, LLP

March 15, 2016.

**THE MENTAL HEALTH ASSOCIATION
OF ROCHESTER/MONROE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 112,593	\$ 122,990
Grants and accounts receivable	169,908	85,814
Prepaid expenses	36,954	35,708
Total current assets	319,455	244,512
INVESTMENTS	374,454	372,598
PROPERTY AND EQUIPMENT, net	98,503	112,580
TOTAL ASSETS	\$ 792,412	\$ 729,690
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of notes payable	\$ -	\$ 1,843
Accounts payable	85,793	38,969
Accrued payroll and related benefits	63,740	69,954
Deferred revenue	24,937	2,430
Total current liabilities	174,470	113,196
NOTES PAYABLE	-	2,425
NET ASSETS:		
Unrestricted -		
Board designated	374,454	372,598
Undesignated	74,082	67,820
Plant	98,503	112,580
Total unrestricted	547,039	552,998
Temporarily restricted	70,903	61,071
Total net assets	617,942	614,069
TOTAL LIABILITIES AND NET ASSETS	\$ 792,412	\$ 729,690

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, 2015
(with comparative totals for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted		2015 Total	2014 Total
		Program Funding	Specific Purpose		
SUPPORT AND OTHER REVENUE:					
Public support -					
Coordinated Care Services, Inc.	\$ -	\$ 1,560,091	\$ -	\$ 1,560,091	\$ 1,542,867
Other government funding	-	325,015	-	325,015	297,437
United Way of Greater Rochester	828	95,340	-	96,168	100,610
Adjustment to prior year's revenue	-	-	-	-	(151)
Total public support	<u>828</u>	<u>1,980,446</u>	<u>-</u>	<u>1,981,274</u>	<u>1,940,763</u>
Other support -					
Fundraising and other	66,307	15,000	-	81,307	76,213
Foundation support	27,764	-	-	27,764	16,793
Gifts and bequests	3,170	-	-	3,170	5,525
Total other support	<u>97,241</u>	<u>15,000</u>	<u>-</u>	<u>112,241</u>	<u>98,531</u>
Other revenue -					
Program income:					
Program fees	192,574	-	-	192,574	157,667
Sale of materials	30,973	-	-	30,973	22,936
Miscellaneous income	6,152	-	-	6,152	5,774
Total other revenue	<u>229,699</u>	<u>-</u>	<u>-</u>	<u>229,699</u>	<u>186,377</u>
Net assets released from restriction	1,985,614	(1,985,614)	-	-	-
Total support and other revenue	<u>2,313,382</u>	<u>9,832</u>	<u>-</u>	<u>2,323,214</u>	<u>2,225,671</u>
EXPENSES:					
Program services -					
Family Support Services	543,975			543,975	549,314
Wyoming County	290,155			290,155	232,623
Drop-In Services	231,125			231,125	232,725
Creative Wellness Opportunities	212,093			212,093	201,606
Transitional Coaching	243,862			243,862	255,316
Life Skills	178,227			178,227	175,763
Consumer Self Help	149,991			149,991	142,304
Livingston County	36,686			36,686	36,363
Other Programs	86,617			86,617	56,666
Total program services	<u>1,972,731</u>			<u>1,972,731</u>	<u>1,882,680</u>
Supporting services -					
Management and general	286,414			286,414	286,889
Fundraising	62,073			62,073	76,360
Total supporting services	<u>348,487</u>			<u>348,487</u>	<u>363,249</u>
Total expenses	<u>2,321,218</u>			<u>2,321,218</u>	<u>2,245,929</u>
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	<u>(7,836)</u>	<u>9,832</u>	<u>-</u>	<u>1,996</u>	<u>(20,258)</u>
OTHER ITEMS:					
Interest and dividends, net of fees	2,531			2,531	3,299
Net realized/unrealized gains (loss) on investments	(654)			(654)	14,211
Loss on disposal of property and equipment	-			-	(6,099)
	<u>1,877</u>	<u>-</u>	<u>-</u>	<u>1,877</u>	<u>11,411</u>
CHANGE IN NET ASSETS	<u>(5,959)</u>	<u>9,832</u>	<u>-</u>	<u>3,873</u>	<u>(8,847)</u>
NET ASSETS, beginning of year	<u>552,998</u>	<u>61,071</u>	<u>-</u>	<u>614,069</u>	<u>622,916</u>
NET ASSETS, end of year	<u>\$ 547,039</u>	<u>\$ 70,903</u>	<u>\$ -</u>	<u>\$ 617,942</u>	<u>\$ 614,069</u>

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, 2015
(with comparative totals for the year ended December 31, 2014)

	PROGRAM SERVICES									SUPPORTING SERVICES			2015 Total	2014 Total	
	Family Support Services	Wyoming County	Drop-In Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self Help	Livingston County	Other Programs	Total	Management and General	Fundraising			Total
Public support -															
Coordinated Care Services, Inc.	\$ 563,260	\$ -	\$ 269,183	\$ 226,166	\$ 147,925	\$ 197,800	\$ 155,757	\$ -	\$ -	\$ 1,560,091	\$ -	\$ -	\$ -	\$ 1,560,091	\$ 1,542,867
Other government funding	16,000	267,735	-	-	-	-	-	41,280	-	325,015	-	-	-	325,015	297,437
United Way of Greater Rochester	-	1,750	-	-	93,590	-	-	586	-	95,926	78	164	242	96,168	100,610
Adjustment to prior year's revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(151)
Total public support	<u>579,260</u>	<u>269,485</u>	<u>269,183</u>	<u>226,166</u>	<u>241,515</u>	<u>197,800</u>	<u>155,757</u>	<u>41,866</u>	<u>-</u>	<u>1,981,032</u>	<u>78</u>	<u>164</u>	<u>242</u>	<u>1,981,274</u>	<u>1,940,763</u>
Other support -															
Fundraising and other	-	10,107	-	2,175	-	-	-	-	-	12,282	25	69,000	69,025	81,307	76,213
Foundation support	-	-	-	-	26,000	-	-	-	-	26,000	-	1,764	1,764	27,764	16,793
Gifts and bequests	-	50	-	-	-	-	-	-	-	50	-	3,120	3,120	3,170	5,525
Total other support	<u>-</u>	<u>10,157</u>	<u>-</u>	<u>2,175</u>	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,332</u>	<u>25</u>	<u>73,884</u>	<u>73,909</u>	<u>112,241</u>	<u>98,531</u>
Other revenue -															
Program income:															
Program fees	39,050	10,398	-	250	13,852	-	24,647	-	104,377	192,574	-	-	-	192,574	157,667
Sale of materials	-	30,773	200	-	-	-	-	-	-	30,973	-	-	-	30,973	22,936
Miscellaneous income	3,502	166	170	362	-	150	-	-	1,302	5,652	500	-	500	6,152	5,774
Total other revenue	<u>42,552</u>	<u>41,337</u>	<u>370</u>	<u>612</u>	<u>13,852</u>	<u>150</u>	<u>24,647</u>	<u>-</u>	<u>105,679</u>	<u>229,199</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>229,699</u>	<u>186,377</u>
Total support and other revenue	<u>\$ 621,812</u>	<u>\$ 320,979</u>	<u>\$ 269,553</u>	<u>\$ 228,953</u>	<u>\$ 281,367</u>	<u>\$ 197,950</u>	<u>\$ 180,404</u>	<u>\$ 41,866</u>	<u>\$ 105,679</u>	<u>\$ 2,248,563</u>	<u>\$ 603</u>	<u>\$ 74,048</u>	<u>\$ 74,651</u>	<u>\$ 2,323,214</u>	<u>\$ 2,225,671</u>

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, 2015
(with comparative totals for the year ended December 31, 2014)

	PROGRAM SERVICES										SUPPORTING SERVICES			2015 Total	2014 Total
	Family Support Services	Wyoming County	Drop-In Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self Help	Livingston County	Other Programs	Total	Management and General	Fundraising	Total		
SALARIES AND RELATED EXPENSES:															
Salaries	\$ 326,985	\$ 132,500	\$ 130,454	\$ 94,007	\$ 142,699	\$ 93,610	\$ 80,678	\$ 22,555	\$ 56,896	\$ 1,080,384	\$ 158,017	\$ 36,738	\$ 194,755	\$ 1,275,139	\$ 1,265,625
Payroll taxes and benefits	65,234	29,354	24,981	21,139	32,456	18,527	15,234	4,198	7,245	218,368	28,005	4,659	32,664	251,032	256,697
Vacation accrual adjustment	1,619	1,228	(3,026)	-	3	1,142	44	157	828	1,995	439	(2,178)	(1,739)	256	2,249
Total salaries and related expenses	393,838	163,082	152,409	115,146	175,158	113,279	95,956	26,910	64,969	1,300,747	186,461	39,219	225,680	1,526,427	1,524,571
OTHER EXPENSES:															
Occupancy	57,326	22,261	24,742	30,134	12,755	43,340	10,186	3,600	-	204,344	25,509	3,472	28,981	233,325	218,777
Supplies	8,601	8,562	4,624	10,183	2,774	4,002	7,479	95	704	47,024	10,357	731	11,088	58,112	47,218
Contract service fees	4,112	1,468	5,980	16,933	3,508	3,949	5,817	-	4,924	46,691	4,013	4,500	8,513	55,204	33,110
Equipment rental and maintenance	13,695	3,562	4,992	7,836	5,379	2,773	2,686	752	396	42,071	6,852	235	7,087	49,158	38,553
Participant meetings	6,311	13,289	9,423	4,725	6,078	1,535	3,154	35	1,356	45,906	-	-	-	45,906	46,286
Travel	10,228	10,827	870	502	3,107	105	1,214	2,052	2,583	31,488	1,728	-	1,728	33,216	41,399
Volunteer stipends	838	8,412	308	10,571	1,266	837	7,190	-	1,698	31,120	-	150	150	31,270	26,861
Utilities	5,999	13,133	1,905	3,054	1,111	660	1,000	-	-	26,862	2,666	333	2,999	29,861	34,552
Insurance	5,641	9,359	1,771	2,230	1,625	2,629	1,348	601	-	25,204	4,427	19	4,446	29,650	27,507
Telephone	11,422	6,548	2,050	930	2,419	2,109	890	1,225	881	28,474	882	-	882	29,356	28,344
Professional fees	1,679	963	7,221	881	424	350	232	93	390	12,233	15,866	67	15,933	28,166	23,735
Small equipment purchases	4,846	8,181	2,257	150	1,089	150	8,281	-	1,135	26,089	1,494	100	1,594	27,683	8,269
Meetings and conferences	5,237	949	544	2,358	5,599	419	2,753	-	2,940	20,799	6,166	529	6,695	27,494	29,656
Subscriptions and publications	3,630	69	572	477	18,261	350	-	588	-	23,947	1,990	65	2,055	26,002	7,545
Media	2,802	3,060	3,491	412	570	162	962	528	3,190	15,177	3,765	712	4,477	19,654	16,159
Special events	-	4,152	-	-	-	-	-	-	-	4,152	-	7,563	7,563	11,715	6,855
Duplication	1,870	1	275	1,493	1,423	140	207	2	1,078	6,489	440	1,746	2,186	8,675	9,451
Membership dues	400	90	-	-	240	-	-	150	-	880	7,211	-	7,211	8,091	8,651
Postage	2,117	779	247	1,172	670	213	536	55	188	5,977	674	823	1,497	7,474	9,734
Program participation benefits	-	-	5,450	-	-	-	-	-	-	5,450	-	-	-	5,450	6,310
Printing	488	886	18	-	406	-	100	-	2	1,900	1,618	1,604	3,222	5,122	7,666
Bank fees	-	-	-	-	-	-	-	-	-	-	2,362	205	2,567	2,567	2,263
Interest expense	-	439	-	-	-	-	-	-	-	439	-	-	-	439	371
Building repairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,873
Miscellaneous	-	89	-	-	-	-	-	-	-	89	-	-	-	89	17,004
Total expenses before depreciation	541,080	280,161	229,149	209,187	243,862	177,002	149,991	36,686	86,434	1,953,552	284,481	62,073	346,554	2,300,106	2,222,720
Depreciation	2,895	9,994	1,976	2,906	-	1,225	-	-	183	19,179	1,933	-	1,933	21,112	23,209
Total expenses	\$ 543,975	\$ 290,155	\$ 231,125	\$ 212,093	\$ 243,862	\$ 178,227	\$ 149,991	\$ 36,686	\$ 86,617	\$ 1,972,731	\$ 286,414	\$ 62,073	\$ 348,487	\$ 2,321,218	\$ 2,245,929

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 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,873	\$ (8,847)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,112	23,209
Loss on disposal of property and equipment	-	6,099
Net realized/unrealized (gains) loss on investments	654	(14,211)
(Increase) decrease in grants and accounts receivable	(84,094)	5,715
Increase in prepaid expenses	(1,246)	(3,161)
Increase (decrease) in accounts payable	46,824	(13,125)
(Decrease) increase in accrued payroll and related benefits	(6,214)	7,248
Increase (decrease) in deferred revenue	22,507	(25,398)
Total adjustments	<u>(457)</u>	<u>(13,624)</u>
Net cash provided by (used in) operating activities	<u>3,416</u>	<u>(22,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,035)	(21,015)
Net (purchases) sales of investments	(2,510)	187
Net cash used in investing activities	<u>(9,545)</u>	<u>(20,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(4,268)	(6,254)
Net cash used in financing activities	<u>(4,268)</u>	<u>(6,254)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,397)	(49,553)
CASH AND CASH EQUIVALENTS, beginning of year	<u>122,990</u>	<u>172,543</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 112,593</u>	<u>\$ 122,990</u>

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, 2015**

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, 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 both Livingston and Wyoming Counties. Services have 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 a yearly basis. In Wyoming County, the Association provides a number of peer-run services including a thrift store, transportation service and drop in center.

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 fair value of investments, useful lives of property and equipment and deferred revenue. Accordingly, actual results could differ from these estimates.

Cash and cash equivalents -

Cash includes demand deposits with a bank or financial institution, on hand currency and other types of accounts that have the general characteristics of demand deposits. Cash equivalents include all highly liquid investments available for current use with an initial maturity of three months or less but do not include short-term investment funds held in investments.

The Association maintains its cash and cash equivalents that, at times, may exceed the federally insured limits. The Association has not experienced losses relating to these deposits and management does not believe that the Association is exposed to any significant credit risk with respect to these amounts.

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. Management has determined that an allowance is not necessary at either December 31, 2015 or 2014.

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.

At December 31, 2015 and 2014, certain contributions receivable are reported in accounts receivable on the accompanying statement of financial position.

Investments -

Investments are reported at fair value. 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Fair value measurements -

Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Association measures certain assets at their respective fair values and applies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 Inputs to the valuation methodology 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.

Long-lived assets -

Long-lived assets, including property and equipment, are generally stated at cost, or fair value if donated. However, the Association reviews long-lived assets to be held and used for possible impairment when events or changes in circumstances indicate their carrying amounts may not be recoverable. If such events or changes in circumstances are present, a loss is recognized to the extent that the carrying value of the asset is in excess of the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. At December 31, 2015 and 2014, there were no such impairments.

The Association's policy is to capitalize property and equipment with a cost in excess of \$1,000 which has a useful life greater than one year.

Depreciation -

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

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

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.

Classification of net assets -

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts are maintained in accordance with GAAP. This is the procedure by which resources are classified for accounting and reporting purposes into groups of net assets established according to their nature and purpose. Accordingly, all financial transactions are recorded and reported by net asset group.

The Association's activities and net assets are reported in the following net asset groups:

Unrestricted net assets - Unrestricted net assets are those resources available for the general support of the Association's operations. Unrestricted net assets also include board designated, which consists of the Association's investment portfolio which has been designated by the Board of Directors for the general support of the Association for use at the authorization of the Board of Directors, and plant net assets, which include property and equipment acquired by the Association, net of accumulated depreciation.

Temporarily restricted net assets - Temporarily restricted net assets include resources resulting from contributions and other inflows of assets whose use by the Association is limited by funder or donor-imposed restrictions that either expire by the passage of time or will be fulfilled and removed by future actions of the Association pursuant to those restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and change in net assets as net assets released from restriction. Temporarily restricted net assets include net assets restricted for specific current program funding and net assets restricted by donors for specific purposes.

Donated services -

Volunteers have donated significant time in support of the activities of the Association. However, the value of these services is not reflected in the accompanying financial statements for the years ended December 31, 2015 and 2014, as these services do not meet the criteria for recognition in accordance with GAAP.

Advertising -

Advertising costs are expensed as incurred. Advertising costs were \$19,654 and \$16,159 for the years ended December 31, 2015 and 2014, 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, 2015.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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, 2014, from which the summarized information was derived.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	2015	2014
Money market fund	\$ 13,040	\$ 4,379
Fixed income mutual and exchange traded funds	160,646	124,206
Equities and equity mutual funds:		
U.S.	189,593	186,414
International	11,175	57,599
	<u>\$ 374,454</u>	<u>\$ 372,598</u>

Fair value measurements are obtained using quoted prices in active markets using the net asset values of the fixed income and equity mutual funds at the measurement dates. There were no changes in fair value measurement techniques during the year ended December 31, 2015.

Investment activity for the years ended December 31 is as follows:

	2015	2014
Beginning balance	\$ 372,598	\$ 358,574
Investment income	5,846	6,767
Net realized gain (loss)	(822)	18,035
Net unrealized gain (loss)	168	(3,824)
Investment management fees	(3,336)	(3,147)
Withdrawals	-	(3,807)
Ending balance	<u>\$ 374,454</u>	<u>\$ 372,598</u>

The Association has established a "Best From Within" grant program. Under this initiative, the Board of Directors approves funding for internal programs from board designated funds. During the year ended December 31, 2014, the Association withdrew funds from investments in the amount of \$3,807.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 110,430	\$ 131,975
Equipment	76,794	112,433
Vehicles	69,155	69,155
Furniture and fixtures	61,801	79,830
	<u>318,180</u>	<u>393,393</u>
Less - accumulated depreciation	<u>(219,677)</u>	<u>(280,813)</u>
	<u>\$ 98,503</u>	<u>\$ 112,580</u>

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 \$150,000. The line of credit bears interest at the Bank's prime rate plus 1.5%. The Bank's prime rate was 3.50% at December 31, 2015. The line of credit is secured by substantially all assets of the Association. There were no outstanding borrowings on the line of credit at either December 31, 2015 or 2014.

6. NOTE PAYABLE

At December 31, 2014, the Association had a note payable to Chrysler Capital to finance the purchase of a vehicle. During the year ended December 31, 2015, this note payable was paid in full.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
United Way of Greater Rochester	\$55,903	\$54,071
Creative Wellness Opportunities	15,000	7,000
	<u>\$70,903</u>	<u>\$61,071</u>

8. 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 payments required under these non-cancelable operating leases are as follows:

Year ending December 31,	
2016	\$137,039
2017	8,963
	<u>\$146,002</u>

Rent expense under all lease agreements totaled \$215,168 and \$204,328 for the years ended December 31, 2015 and 2014, respectively.

Expenditures under grant contracts administered by Coordinated Care Services, Inc. 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, 2015 and 2014, the Association had a cash balance of approximately \$68,700 and \$64,300, respectively within the Trust. At December 31, 2015, 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, 2015 and 2014.

During the year ended December 31, 2014, the Association terminated a program after evaluating its effectiveness and approximately \$16,500 was returned to the funding entity. The related disbursement is reported in miscellaneous expense in the accompanying statement of functional expenses.

9. 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, 2015 and 2014. Total Association contributions under this Plan were \$40,988 and \$42,103 for the years ended December 31, 2015 and 2014, respectively.

10. RISK CONCENTRATIONS

During the years ended December 31, 2015 and 2014, one funder individually accounted for approximately 67% and 69% of total support and other revenue, respectively. Receivables from this funder were \$8,750 and \$0 at December 31, 2015 and 2014, respectively.

During the year ended December 31, 2015 and 2014, an additional funder accounted for approximately 12% and 11% of total support and revenue, respectively. Receivables from this funder were \$66,519 and \$0 at December 31, 2015 and 2014, respectively.

11. SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash paid for interest was \$439 and \$371 for the years ended December 31, 2015 and 2014, respectively.

The following non-cash transaction and has been excluded from the accompanying statements of cash flows.

- During the year ended December 31, 2014, the Association acquired a vehicle with a trade-in allowance valued at \$3,000.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2016, the date the financial statements were available to be issued, and has determined that there have been no subsequent events that would require recognition in the financial statements or disclosure in the notes to financial statements.