

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

FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*DeJoy, Krauf & Blood, LLP*

March 24, 2015.

**THE MENTAL HEALTH ASSOCIATION  
OF ROCHESTER/MONROE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 122,990	\$ 172,543
Grants and accounts receivable	85,814	91,529
Prepaid expenses	35,708	32,547
Total current assets	244,512	296,619
<b>INVESTMENTS</b>	372,598	358,574
<b>PROPERTY AND EQUIPMENT, net</b>	112,580	120,873
<b>TOTAL ASSETS</b>	\$ 729,690	\$ 776,066
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of notes payable	\$ 1,843	\$ 1,928
Accounts payable	38,969	52,094
Accrued payroll and related benefits	69,954	62,706
Deferred revenue	2,430	27,828
Total current liabilities	113,196	144,556
<b>NOTES PAYABLE</b>	2,425	8,594
<b>NET ASSETS:</b>		
Unrestricted -		
Board designated	372,598	358,574
Undesignated	67,820	87,566
Plant	112,580	120,873
Total unrestricted	552,998	567,013
Temporarily restricted	61,071	55,903
Total net assets	614,069	622,916
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 729,690	\$ 776,066

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, 2014**  
(with comparative totals for the year ended December 31, 2013)

	Unrestricted	Temporarily Restricted		2014 Total	2013 Total
		Program Funding	Specific Purpose		
<b>SUPPORT AND OTHER REVENUE:</b>					
Public support -					
Coordinated Care Services, Inc.	\$ -	\$ 1,542,867	\$ -	\$ 1,542,867	\$ 1,542,867
Other government funding	-	297,437	-	297,437	271,519
United Way of Greater Rochester	2,210	98,400	-	100,610	99,397
Adjustment to prior year's revenue	-	(151)	-	(151)	993
Total public support	<u>2,210</u>	<u>1,938,553</u>	<u>-</u>	<u>1,940,763</u>	<u>1,914,776</u>
Other support -					
Fundraising and other	74,213	2,000	-	76,213	84,374
Foundation support	16,793	-	-	16,793	12,834
Gifts and bequests	525	5,000	-	5,525	806
Total other support	<u>91,531</u>	<u>7,000</u>	<u>-</u>	<u>98,531</u>	<u>98,014</u>
Other revenue -					
Program income:					
Program fees	157,667	-	-	157,667	166,818
Sale of materials	22,936	-	-	22,936	22,548
Miscellaneous income	5,774	-	-	5,774	15,258
Total other revenue	<u>186,377</u>	<u>-</u>	<u>-</u>	<u>186,377</u>	<u>204,624</u>
Net assets released from restriction	1,940,385	(1,940,385)	-	-	-
Total support and other revenue	<u>2,220,503</u>	<u>5,168</u>	<u>-</u>	<u>2,225,671</u>	<u>2,217,414</u>
<b>EXPENSES:</b>					
Program services -					
Family Support Services	549,314			549,314	562,985
Wyoming County	232,623			232,623	224,144
Drop-In Services	232,725			232,725	236,985
Creative Wellness Opportunities	201,606			201,606	203,960
Transitional Coaching	255,316			255,316	226,110
Life Skills	175,763			175,763	177,096
Consumer Self Help	142,304			142,304	143,543
Livingston County	36,363			36,363	36,821
Home and Community Based Waiver	132			132	557
Other Programs	56,534			56,534	73,339
Total program services	<u>1,882,680</u>			<u>1,882,680</u>	<u>1,885,540</u>
Supporting services -					
Management and general	286,889			286,889	284,085
Fundraising	76,360			76,360	107,065
Total supporting services	<u>363,249</u>			<u>363,249</u>	<u>391,150</u>
Total expenses	<u>2,245,929</u>			<u>2,245,929</u>	<u>2,276,690</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER ITEMS</b>	<u>(25,426)</u>	<u>5,168</u>	<u>-</u>	<u>(20,258)</u>	<u>(59,276)</u>
<b>OTHER ITEMS:</b>					
Interest and dividends, net of fees	3,299			3,299	2,976
Net realized/unrealized gains on investments	14,211			14,211	42,416
Loss on disposal of property and equipment	(6,099)			(6,099)	(2,604)
	<u>11,411</u>	<u>-</u>	<u>-</u>	<u>11,411</u>	<u>42,788</u>
<b>CHANGE IN NET ASSETS</b>	<u>(14,015)</u>	<u>5,168</u>	<u>-</u>	<u>(8,847)</u>	<u>(16,488)</u>
<b>NET ASSETS, beginning of year</b>	<u>567,013</u>	<u>55,903</u>	<u>-</u>	<u>622,916</u>	<u>639,404</u>
<b>NET ASSETS, end of year</b>	<u>\$ 552,998</u>	<u>\$ 61,071</u>	<u>\$ -</u>	<u>\$ 614,069</u>	<u>\$ 622,916</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, 2014**  
(with comparative totals for the year ended December 31, 2013)

	PROGRAM SERVICES										SUPPORTING SERVICES			2014 Total	2013 Total	
	Family Support Services	Wyoming County	Drop-In Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self Help	Livingston County	Home and Community Based Waiver	Other Programs	Total	Management and General	Fundraising			Total
Public support -																
Coordinated Care Services, Inc.	\$ 558,564	\$ -	\$ 264,615	\$ 224,416	\$ 143,465	\$ 197,800	\$ 154,007	\$ -	\$ -	\$ -	\$ 1,542,867	\$ -	\$ -	\$ -	\$ 1,542,867	\$ 1,542,867
Other government funding	16,000	240,157	-	-	-	-	-	41,280	-	-	297,437	-	-	-	297,437	271,519
United Way of Greater Rochester	-	2,000	-	-	96,400	-	-	530	-	-	98,930	153	1,527	1,680	100,610	99,397
Adjustment to prior year's revenue	152	(3,528)	3,200	-	-	-	111	-	(86)	-	(151)	-	-	-	(151)	993
Total public support	<u>574,716</u>	<u>238,629</u>	<u>267,815</u>	<u>224,416</u>	<u>239,865</u>	<u>197,800</u>	<u>154,118</u>	<u>41,810</u>	<u>(86)</u>	<u>-</u>	<u>1,939,083</u>	<u>153</u>	<u>1,527</u>	<u>1,680</u>	<u>1,940,763</u>	<u>1,914,776</u>
Other support -																
Fundraising and other	-	10,532	-	3,030	-	191	-	-	-	-	13,753	370	62,090	62,460	76,213	84,374
Foundation support	6,000	-	-	-	-	-	-	-	-	9,017	15,017	1,776	-	1,776	16,793	12,834
Gifts and bequests	-	-	-	5,000	-	-	-	-	-	-	5,000	-	525	525	5,525	806
Total other support	<u>6,000</u>	<u>10,532</u>	<u>-</u>	<u>8,030</u>	<u>-</u>	<u>191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,017</u>	<u>33,770</u>	<u>2,146</u>	<u>62,615</u>	<u>64,761</u>	<u>98,531</u>	<u>98,014</u>
Other revenue -																
Program income:																
Program fees	41,445	10,471	-	1,000	49,248	-	13,179	-	344	41,980	157,667	-	-	-	157,667	166,818
Sale of materials	-	22,671	-	214	-	-	-	-	-	9	22,894	-	42	42	22,936	22,548
Board designated fund transfers	-	-	-	-	754	-	1,053	-	-	2,000	3,807	(3,807)	-	(3,807)	-	-
Miscellaneous income	1,190	1,080	46	-	850	-	280	-	-	413	3,859	1,915	-	1,915	5,774	15,258
Total other revenue	<u>42,635</u>	<u>34,222</u>	<u>46</u>	<u>1,214</u>	<u>50,852</u>	<u>-</u>	<u>14,512</u>	<u>-</u>	<u>344</u>	<u>44,402</u>	<u>188,227</u>	<u>(1,892)</u>	<u>42</u>	<u>(1,850)</u>	<u>186,377</u>	<u>204,624</u>
Total support and other revenue	<u>\$ 623,351</u>	<u>\$ 283,383</u>	<u>\$ 267,861</u>	<u>\$ 233,660</u>	<u>\$ 290,717</u>	<u>\$ 197,991</u>	<u>\$ 168,630</u>	<u>\$ 41,810</u>	<u>\$ 258</u>	<u>\$ 53,419</u>	<u>\$ 2,161,080</u>	<u>\$ 407</u>	<u>\$ 64,184</u>	<u>\$ 64,591</u>	<u>\$ 2,225,671</u>	<u>\$ 2,217,414</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, 2014**  
(with comparative totals for the year ended December 31, 2013)

	PROGRAM SERVICES										SUPPORTING SERVICES			2014 Total	2013 Total	
	Family Support Services	Wyoming County	Drop-In Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self Help	Livingston County	Home and Community Based Waiver	Other Programs	Total	Management and General	Fundraising			Total
<b>SALARIES AND RELATED EXPENSES:</b>																
Salaries	\$ 344,221	\$ 98,193	\$ 131,495	\$ 97,334	\$ 152,134	\$ 97,954	\$ 89,988	\$ 22,245	\$ 123	\$ 18,939	\$ 1,052,626	\$ 160,227	\$ 52,772	\$ 212,999	\$ 1,265,625	\$ 1,234,659
Payroll taxes and benefits	72,349	20,872	27,983	23,410	29,366	19,454	19,259	4,144	9	2,934	219,780	27,486	9,431	36,917	256,697	246,978
Vacation accrual adjustment	155	(53)	(44)	1,135	108	511	167	60	-	-	2,039	210	-	210	2,249	1,203
Total salaries and related expenses	416,725	119,012	159,434	121,879	181,608	117,919	109,414	26,449	132	21,873	1,274,445	187,923	62,203	250,126	1,524,571	1,482,840
<b>OTHER EXPENSES:</b>																
Occupancy	54,884	21,805	21,492	28,590	12,685	39,180	8,767	3,600	-	-	191,003	24,421	3,353	27,774	218,777	209,908
Supplies	7,058	8,361	5,460	9,029	2,337	2,565	895	297	-	397	36,399	9,654	1,165	10,819	47,218	58,558
Participant meetings	5,404	11,001	13,751	5,027	4,142	2,713	2,468	415	-	1,365	46,286	-	-	-	46,286	46,104
Travel	9,446	10,638	4,845	338	8,644	221	1,395	1,762	-	2,601	39,890	1,501	8	1,509	41,399	50,214
Equipment rental and maintenance	9,598	1,989	2,935	7,932	4,146	4,193	1,591	237	-	31	32,652	5,606	295	5,901	38,553	42,489
Utilities	7,236	14,638	2,355	3,472	1,351	660	1,215	-	-	-	30,927	3,222	403	3,625	34,552	34,054
Contract service fees	705	-	420	592	17,384	-	3,220	-	-	6,812	29,133	2,353	1,624	3,977	33,110	60,166
Meetings and conferences	2,122	1,011	806	2,639	13,671	353	1,378	-	-	711	22,691	6,781	184	6,965	29,656	36,313
Telephone	11,897	6,406	1,866	783	2,349	2,050	829	1,100	-	291	27,571	773	-	773	28,344	26,742
Insurance	5,364	8,555	1,574	2,080	1,401	2,426	1,193	553	-	-	23,146	4,290	71	4,361	27,507	26,374
Volunteer stipends	245	10,952	15	8,365	50	559	6,440	-	-	60	26,686	-	175	175	26,861	30,100
Professional fees	1,790	785	580	299	406	357	248	89	-	186	4,740	18,909	86	18,995	23,735	22,790
Media	1,242	2,310	3,245	262	687	162	162	1,042	-	2,949	12,061	3,441	657	4,098	16,159	14,455
Postage	2,559	503	248	1,274	781	236	1,077	71	-	881	7,630	981	1,123	2,104	9,734	12,760
Duplication	1,942	2	277	1,876	2,247	162	233	1	-	1,051	7,791	571	1,089	1,660	9,451	7,739
Membership dues	1,000	58	300	-	250	-	-	137	-	-	1,745	6,906	-	6,906	8,651	8,973
Small equipment purchases	1,499	1,828	1,039	3,123	246	100	-	-	-	90	7,925	344	-	344	8,269	11,805
Printing	699	-	2,926	267	148	40	600	-	-	231	4,911	2,559	196	2,755	7,666	18,829
Subscriptions and publications	1,753	656	534	526	733	378	-	610	-	-	5,190	2,345	10	2,355	7,545	9,036
Special events	-	3,137	-	-	-	-	-	-	-	-	3,137	-	3,718	3,718	6,855	13,487
Program participation benefits	-	-	6,310	-	-	-	-	-	-	-	6,310	-	-	-	6,310	9,264
Bank fees	-	-	-	-	-	-	-	-	-	-	-	2,263	-	2,263	2,263	2,020
Building repairs	347	-	-	347	-	-	1,179	-	-	-	1,873	-	-	-	1,873	17,540
Interest expense	-	371	-	-	-	-	-	-	-	-	371	-	-	-	371	838
Miscellaneous	-	149	-	-	50	-	-	-	-	16,805	17,004	-	-	-	17,004	363
Total expenses before depreciation	543,515	224,167	230,412	198,700	255,316	174,274	142,304	36,363	132	56,334	1,861,517	284,843	76,360	361,203	2,222,720	2,253,761
Depreciation	5,799	8,456	2,313	2,906	-	1,489	-	-	-	200	21,163	2,046	-	2,046	23,209	22,929
Total expenses	\$ 549,314	\$ 232,623	\$ 232,725	\$ 201,606	\$ 255,316	\$ 175,763	\$ 142,304	\$ 36,363	\$ 132	\$ 56,534	\$ 1,882,680	\$ 286,889	\$ 76,360	\$ 363,249	\$ 2,245,929	\$ 2,276,690

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, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (8,847)	\$ (16,488)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	23,209	22,929
Loss on disposal of property and equipment	6,099	2,604
Net realized/unrealized gains on investments	(14,211)	(42,416)
Decrease in grants and accounts receivable	5,715	8,274
(Increase) decrease in prepaid expenses	(3,161)	8,748
Decrease in accounts payable	(13,125)	(6,372)
Increase in accrued payroll and related benefits	7,248	7,581
(Decrease) increase in deferred revenue	(25,398)	21,388
Total adjustments	(13,624)	22,736
Net cash (used in) provided by operating activities	(22,471)	6,248
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(21,015)	(21,167)
Net sales (purchases) of investments	187	(3,244)
Net cash used in investing activities	(20,828)	(24,411)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on notes payable	(6,254)	(11,367)
Net proceeds from notes payable	-	10,522
Net cash used in financing activities	(6,254)	(845)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(49,553)	(19,008)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	172,543	191,551
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 122,990	\$ 172,543

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, 2014**

**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, 2014 or 2013.

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.

For the year ended December 31, 2014 and 2013, certain contributions receivable are reported in accounts receivable on the accompanying financial statements.

## 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 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 between market participants at the measurement date. The Association measures certain assets and liabilities 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 and liabilities (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, 2014 and 2013, 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
Furniture and fixtures	5 - 7 years
Vehicles	5 years

#### Deferred revenue and revenue recognition -

Revenue is recognized as income 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, 2014 and 2013, as these services do not meet the criteria for recognition in accordance with GAAP.

Advertising -

Advertising costs are expensed as incurred. Advertising costs were \$16,159 and \$14,455 for the years ended December 31, 2014 and 2013, 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.

The Association is required to file annual returns with federal and New York State taxing authorities. At December 31, 2014, the Association's federal and state annual returns are no longer subject to examination by the respective taxing authorities for the years prior to 2011.

Management has determined that the Association has no uncertain tax positions, including the tax exempt status of the Association as of December 31, 2014.

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, 2013, from which the summarized information was derived.

Prior period reclassifications -

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

### 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:

	2014	2013
Money market fund	\$ 4,379	\$ 2,576
Mutual funds:		
Fixed income	124,206	119,995
U.S. equity	186,414	179,679
International equity	57,599	56,324
	<u>\$ 372,598</u>	<u>\$ 358,574</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. No changes in fair value measurement techniques were used during the year ended December 31, 2014.

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

	2014	2013
Beginning balance	\$ 358,574	\$ 312,914
Investment income	6,767	6,230
Net realized gains	18,035	10,198
Net unrealized (loss) gains	(3,824)	32,218
Investment management fees	(3,147)	(2,986)
Withdrawals	(3,807)	-
Ending balance	<u>\$ 372,598</u>	<u>\$ 358,574</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>2014</u>	<u>2013</u>
Leasehold improvements	\$ 131,975	\$ 131,975
Equipment	112,433	112,433
Furniture and fixtures	79,830	79,830
Vehicles	<u>69,155</u>	<u>60,750</u>
	393,393	384,988
Less - accumulated depreciation	<u>(280,813)</u>	<u>(264,115)</u>
	<u>\$ 112,580</u>	<u>\$ 120,873</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 3.25% at December 31, 2014. 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, 2014 or 2013.

#### 6. NOTES PAYABLE

Notes payable consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Note payable to Chrysler Capital, to finance the purchase of a vehicle, due in equal monthly installments of \$195 including interest at 4.29%, maturing in December 2018, secured by vehicle.	\$4,268	\$ -
Note payable to the Bank, to finance the purchase of a vehicle, due in equal monthly principal installments of \$344, plus interest at the Bank's prime rate plus 1.5%. Paid in full prior to maturity.	-	10,522
	<u>4,268</u>	<u>10,522</u>
Less - current portion	<u>(1,843)</u>	<u>(1,928)</u>
Long-term portion	<u>\$ 2,425</u>	<u>\$ 8,594</u>



Estimated future principal payments to be made under the above note payable are as follows:

Year ending December 31:	
2015	\$ 1,843
2016	2,282
2017	143
	<u>\$ 4,268</u>

## 7. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2014</u>	<u>2013</u>
United Way of Greater Rochester	\$54,071	\$ 55,903
Creative Wellness Opportunities	7,000	-
	<u>\$61,071</u>	<u>\$ 55,903</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,	
2015	\$211,577
2016	115,949
	<u>\$327,526</u>

Rent expense under all lease agreements totaled \$204,328 and \$194,616 for the years ended December 31, 2014 and 2013, 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 of 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, 2014 and 2013, the Association had a cash balance of approximately \$64,300 and \$45,300, respectively within the Trust. At December 31, 2014, 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 cash balance has not been reflected in the accompanying financial statements for the years ended December 31, 2014 and 2013.

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 on 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 profit sharing contribution to the Plan. The Association elected to make a 3% discretionary contribution for the Plan years ended December 31, 2014 and 2013. Total Association contributions under this Plan were \$42,103 and \$38,427 for the years ended December 31, 2014 and 2013, respectively.

## **10. RISK CONCENTRATIONS**

During the years ended December 31, 2014 and 2013, one funder individually accounted for approximately 69% and 68% of total support and other revenue, respectively. Receivables from this funder were \$0 and \$8,875 at December 31, 2014 and 2013, respectively.

During the year ended December 31, 2014, an additional funder accounted for 11% of total support and revenue.

## **11. SUPPLEMENTAL CASH FLOW DISCLOSURES**

Cash paid for interest was \$371 and \$838 for the years ended December 31, 2014 and 2013, respectively.

The following transactions are non-cash transactions and have been excluded from the accompanying statements of cash flows.

- During the year ended December 31, 2014, acquired a vehicle with a trade-in allowance valued at \$3,000.
- During the year ended December 31, 2013, acquired a vehicle with a trade-in allowance valued at \$7,161.

## **12. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 24, 2015, 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.