

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

FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 22, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*DeJoy, Knauf & Blood, LLP*

March 21, 2018.

**THE MENTAL HEALTH ASSOCIATION  
OF ROCHESTER/MONROE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 131,032	\$ 182,885
Grants and accounts receivable	159,195	113,419
Prepaid expenses	24,113	36,254
Total current assets	314,340	332,558
<b>INVESTMENTS</b>	445,598	401,550
<b>PROPERTY AND EQUIPMENT, net</b>	89,239	93,370
<b>TOTAL ASSETS</b>	\$ 849,177	\$ 827,478
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 50,852	\$ 79,339
Accrued payroll and related benefits	76,480	70,737
Deferred revenue	46,174	59,005
Total current liabilities	173,506	209,081
<b>NET ASSETS:</b>		
Unrestricted -		
Board designated	445,598	401,550
Undesignated	59,931	38,175
Plant	89,239	93,370
Total unrestricted	594,768	533,095
Temporarily restricted	80,903	85,302
Total net assets	675,671	618,397
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 849,177	\$ 827,478

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, 2017**  
(with comparative totals for the year ended December 31, 2016)

	Unrestricted	Temporarily Restricted		2017 Total	2016 Total
		Program Funding	Specific Purpose		
<b>SUPPORT AND OTHER REVENUE:</b>					
Public support -					
Coordinated Care Services, Inc.	\$ -	\$ 1,567,778	\$ -	\$ 1,567,778	\$ 1,575,918
Other government funding	-	355,925	-	355,925	330,317
United Way of Greater Rochester	267	90,650	-	90,917	90,841
Adjustment to prior year's revenue	(4,687)	-	-	(4,687)	(30,279)
Total public support	(4,420)	2,014,353	-	2,009,933	1,966,797
Other support -					
Fundraising and other	101,825	-	-	101,825	92,413
Foundation support	27,116	-	-	27,116	7,816
Gifts and bequests	3,233	-	-	3,233	1,418
Total other support	132,174	-	-	132,174	101,647
Other revenue -					
Program income:					
Program fees	319,148	-	-	319,148	242,786
Sale of materials	38,402	-	-	38,402	36,005
Miscellaneous income	1,815	-	-	1,815	2,502
Total other revenue	359,365	-	-	359,365	281,293
Net assets released from restriction	2,018,752	(2,014,353)	(4,399)	-	-
Total support and other revenue	2,505,871	-	(4,399)	2,501,472	2,349,737
<b>EXPENSES:</b>					
Program services -					
Family Support Services	509,280			509,280	540,818
Wyoming County	312,178			312,178	301,630
Drop-In Services	243,132			243,132	245,758
Creative Wellness Opportunities	218,451			218,451	209,579
Transitional Coaching	219,975			219,975	235,990
Life Skills	188,944			188,944	178,329
Consumer Self Help	173,634			173,634	146,020
Livingston County	36,714			36,714	36,439
Ontario County	18,266			18,266	4,322
Other Programs	218,416			218,416	132,156
Total program services	2,138,990			2,138,990	2,031,041
Supporting services -					
Management and general	293,893			293,893	287,588
Fundraising	55,742			55,742	57,840
Total supporting services	349,635			349,635	345,428
Total expenses	2,488,625			2,488,625	2,376,469
<b>CHANGE IN NET ASSETS BEFORE OTHER ITEMS</b>	17,246	-	(4,399)	12,847	(26,732)
<b>OTHER ITEMS:</b>					
Interest and dividends, net of fees	5,045			5,045	4,010
Net realized/unrealized gain on investments	39,382			39,382	23,177
	44,427	-	-	44,427	27,187
<b>CHANGE IN NET ASSETS</b>	61,673	-	(4,399)	57,274	455
<b>NET ASSETS, beginning of year</b>	533,095	80,903	4,399	618,397	617,942
<b>NET ASSETS, end of year</b>	\$ 594,768	\$ 80,903	\$ -	\$ 675,671	\$ 618,397

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, 2017**  
(with comparative totals for the year ended December 31, 2016)

	PROGRAM SERVICES										SUPPORTING SERVICES			2017 Total	2016 Total	
	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
Public support -																
Coordinated Care Services, Inc.	\$ 565,817	\$ -	\$ 271,350	\$ 226,727	\$ 149,620	\$ 198,195	\$ 156,069	\$ -	\$ -	\$ -	\$ 1,567,778	\$ -	\$ -	\$ -	\$ 1,567,778	\$ 1,575,918
Other government funding	16,000	278,442	-	-	-	-	-	41,363	20,120	-	355,925	-	-	-	355,925	330,317
United Way of Greater Rochester	-	1,000	-	-	89,650	-	-	-	-	-	90,650	-	267	267	90,917	90,841
Adjustment to prior year's revenue	-	-	-	-	-	-	-	-	-	(4,687)	(4,687)	-	-	-	(4,687)	(30,279)
Total public support	<u>581,817</u>	<u>279,442</u>	<u>271,350</u>	<u>226,727</u>	<u>239,270</u>	<u>198,195</u>	<u>156,069</u>	<u>41,363</u>	<u>20,120</u>	<u>(4,687)</u>	<u>2,009,666</u>	<u>-</u>	<u>267</u>	<u>267</u>	<u>2,009,933</u>	<u>1,966,797</u>
Other support -																
Fundraising and other	-	15,127	-	11,611	-	4,498	1,500	-	-	8,093	40,829	163	60,833	60,996	101,825	92,413
Foundation support	-	-	-	-	5,332	-	4,784	-	-	17,000	27,116	-	-	-	27,116	7,816
Gifts and bequests	-	-	-	-	-	-	-	-	-	-	-	-	3,233	3,233	3,233	1,418
Total other support	<u>-</u>	<u>15,127</u>	<u>-</u>	<u>11,611</u>	<u>5,332</u>	<u>4,498</u>	<u>6,284</u>	<u>-</u>	<u>-</u>	<u>25,093</u>	<u>67,945</u>	<u>163</u>	<u>64,066</u>	<u>64,229</u>	<u>132,174</u>	<u>101,647</u>
Other revenue -																
Program income:																
Program fees	45	9,883	-	700	7,480	-	35,370	-	-	265,670	319,148	-	-	-	319,148	242,786
Sale of materials	-	38,402	-	-	-	-	-	-	-	-	38,402	-	-	-	38,402	36,005
Miscellaneous income	461	1,255	-	-	-	-	20	23	-	-	1,759	24	32	56	1,815	2,502
Total other revenue	<u>506</u>	<u>49,540</u>	<u>-</u>	<u>700</u>	<u>7,480</u>	<u>-</u>	<u>35,390</u>	<u>23</u>	<u>-</u>	<u>265,670</u>	<u>359,309</u>	<u>24</u>	<u>32</u>	<u>56</u>	<u>359,365</u>	<u>281,293</u>
Total support and other revenue	<u>\$ 582,323</u>	<u>\$ 344,109</u>	<u>\$ 271,350</u>	<u>\$ 239,038</u>	<u>\$ 252,082</u>	<u>\$ 202,693</u>	<u>\$ 197,743</u>	<u>\$ 41,386</u>	<u>\$ 20,120</u>	<u>\$ 286,076</u>	<u>\$ 2,436,920</u>	<u>\$ 187</u>	<u>\$ 64,365</u>	<u>\$ 64,552</u>	<u>\$ 2,501,472</u>	<u>\$ 2,349,737</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, 2017**  
(with comparative totals for the year ended December 31, 2016)

	PROGRAM SERVICES										SUPPORTING SERVICES			2017 Total	2016 Total		
	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	
<b>SALARIES AND RELATED EXPENSES:</b>																	
Salaries	\$ 303,731	\$ 152,000	\$ 148,603	\$ 102,241	\$ 140,550	\$ 93,405	\$ 116,893	\$ 22,347	\$ 11,740	\$ 131,346	\$ 1,222,856	\$ 166,797	\$ 33,713	\$ 200,510	\$ 1,423,366	\$ 1,374,206	
Payroll taxes and benefits	60,581	33,624	28,457	24,884	30,100	20,166	21,572	4,279	1,492	20,265	245,420	28,053	5,472	33,525	278,945	242,986	
Vacation accrual adjustment	-	473	1,246	(407)	2,922	243	245	(61)	-	(1,015)	3,646	1,709	(1,295)	414	4,060	4,568	
Total salaries and related expenses	364,312	186,097	178,306	126,718	173,572	113,814	138,710	26,565	13,232	150,596	1,471,922	196,559	37,890	234,449	1,706,371	1,621,760	
<b>OTHER EXPENSES:</b>																	
Occupancy	43,301	23,615	22,789	34,000	13,678	52,155	11,635	3,600	-	4,494	209,267	27,873	3,014	30,887	240,154	227,212	
Supplies	6,546	10,158	4,575	8,255	2,070	2,092	2,537	57	1,286	1,512	39,088	10,103	1,703	11,806	50,894	50,546	
Contract service fees	2,450	1,560	717	2,894	2,334	-	523	-	-	36,959	47,437	1,078	332	1,410	48,847	64,444	
Equipment rental and maintenance	11,203	3,053	4,371	8,807	3,949	2,168	2,661	79	34	933	37,258	5,076	142	5,218	42,476	37,638	
Participant meetings	16,941	14,408	6,654	6,357	2,523	1,301	694	624	-	1,137	50,639	-	3	3	50,642	45,922	
Travel	7,507	11,139	1,112	1,084	4,567	135	3,274	2,644	269	10,742	42,473	1,212	16	1,228	43,701	36,587	
Volunteer stipends	664	9,428	-	13,553	-	1,790	4,620	-	-	1,585	31,640	-	-	-	31,640	29,843	
Utilities	5,461	11,798	2,536	2,710	1,228	5,629	1,092	-	-	130	30,584	2,739	329	3,068	33,652	27,258	
Insurance	6,084	8,019	1,966	2,293	1,678	3,458	1,376	412	-	400	25,686	4,079	157	4,236	29,922	30,113	
Telephone	11,068	7,660	3,530	1,343	2,910	1,069	1,598	1,312	1,296	2,199	33,985	1,296	-	1,296	35,281	32,405	
Professional fees	2,048	1,038	582	318	429	376	1,211	95	89	434	6,620	20,111	91	20,202	26,822	22,450	
Small equipment purchases	11,362	1,701	1,740	259	162	110	850	-	1,583	3,394	21,161	-	-	-	21,161	28,371	
Meetings and conferences	7,050	1,045	-	5,517	8,250	75	417	-	-	512	22,866	1,756	1,488	3,244	26,110	27,488	
Subscriptions and publications	3,400	1,021	476	240	28	694	116	637	310	10	6,932	1,158	77	1,235	8,167	4,845	
Media	459	4,070	3,496	354	669	414	594	482	-	-	10,538	4,576	470	5,046	15,584	23,710	
Special events	-	4,351	-	-	-	-	-	-	-	-	4,351	-	2,308	2,308	6,659	8,150	
Duplication	228	-	84	53	922	34	70	3	28	1,530	2,952	67	1,969	2,036	4,988	4,755	
Membership dues	245	-	130	130	130	130	300	175	-	120	1,360	6,501	75	6,576	7,936	8,812	
Postage	1,460	1,095	136	532	229	115	781	29	114	163	4,654	377	858	1,235	5,889	6,214	
Program participation benefits	-	-	7,840	-	-	-	-	-	-	-	7,840	-	-	-	7,840	7,440	
Printing	4,099	928	646	89	579	190	545	-	25	304	7,405	5,062	3,899	8,961	16,366	7,074	
Bank fees	-	-	-	-	-	-	-	-	-	-	-	2,312	-	2,312	2,312	3,482	
Interest expense	-	-	-	-	-	-	-	-	-	1,197	1,197	-	-	-	1,197	533	
Miscellaneous	-	-	-	9	38	-	-	-	-	-	47	-	921	921	968	125	
Total expenses before depreciation	505,888	302,184	241,686	215,515	219,945	185,749	173,604	36,714	18,266	218,351	2,117,902	291,935	55,742	347,677	2,465,579	2,357,177	
Depreciation	3,392	9,994	1,446	2,936	30	3,195	30	-	-	65	21,088	1,958	-	1,958	23,046	19,292	
<b>Total expenses</b>	<b>\$ 509,280</b>	<b>\$ 312,178</b>	<b>\$ 243,132</b>	<b>\$ 218,451</b>	<b>\$ 219,975</b>	<b>\$ 188,944</b>	<b>\$ 173,634</b>	<b>\$ 36,714</b>	<b>\$ 18,266</b>	<b>\$ 218,416</b>	<b>\$ 2,138,990</b>	<b>\$ 293,893</b>	<b>\$ 55,742</b>	<b>\$ 349,635</b>	<b>\$ 2,488,625</b>	<b>\$ 2,376,469</b>	

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 57,274	\$ 455
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,046	19,292
Net realized/unrealized gain on investments	(39,382)	(23,177)
(Increase) decrease in grants and accounts receivable	(45,776)	56,489
Decrease in prepaid expenses	12,141	700
Decrease in accounts payable	(28,487)	(6,454)
Increase in accrued payroll and related benefits	5,743	6,997
(Decrease) increase in deferred revenue	(12,831)	34,068
Total adjustments	<u>(85,546)</u>	<u>87,915</u>
Net cash (used in) provided by operating activities	<u>(28,272)</u>	<u>88,370</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(18,916)	(14,159)
Net purchases of investments	<u>(4,665)</u>	<u>(3,919)</u>
Net cash used in investing activities	<u>(23,581)</u>	<u>(18,078)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(51,853)	70,292
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>182,885</u>	<u>112,593</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 131,032</u>	<u>\$ 182,885</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, 2017**

**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.

## **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, deferred revenue and functional expenses. 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 in bank accounts 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, 2017 or 2016.

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 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 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, 2017 and 2016, 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, 2017 and 2016, as these services do not meet the criteria for recognition in accordance with GAAP.

Advertising -

Advertising costs are expensed as incurred. Advertising costs were \$15,584 and \$23,710 for the years ended December 31, 2017 and 2016, 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, 2017.

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, 2016, from which the summarized information was derived.

Recent accounting pronouncements -

For the year ending December 31, 2018, the Association will adopt Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Under this new guidance, the existing categories of unrestricted net assets and temporarily restricted net assets will be modified into two categories: 1) *with* donor restrictions and 2) *without* donor restrictions. The existence and purpose of any board designated amounts within net assets without donor restrictions will be presented. Additional disclosures will be required to present the liquidity of financial assets available for the general expenditures of the organization within one year including any assets and lines of credit. The reporting of expenses by function and natural classification will include a description of those expenses that are allocated between programs and supporting services and the specific methods used for those allocations (e.g. square footage, time studies, usage, etc.). Investment returns will be reported net of any related expenses and the disclosure of investment expenses will no longer be required. 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:

	<u>2017</u>	<u>2016</u>
Money market fund	\$ 3,445	\$ 28,205
Fixed income mutual and exchange traded funds	178,034	161,376
Equities:		
U.S.	252,278	199,406
International	11,841	12,563
	<u>\$445,598</u>	<u>\$401,550</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, 2017.

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

	<u>2017</u>	<u>2016</u>
Beginning balance	\$401,550	\$374,454
Investment income	8,241	7,882
Net realized gain (loss)	(2,754)	3,078
Net unrealized gain	42,136	20,099
Investment management fees	(3,575)	(3,963)
Ending balance	<u>\$445,598</u>	<u>\$401,550</u>

### 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 125,266	\$ 120,990
Equipment	90,073	76,834
Vehicles	69,155	69,155
Furniture and fixtures	61,990	62,988
	346,484	329,967
Less - accumulated depreciation	(257,245)	(236,597)
	<u>\$ 89,239</u>	<u>\$ 93,370</u>

Depreciation for the years ended December 31, 2017 and 2016, totaled \$23,046 and \$19,292, 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 \$200,000. The line of credit bears interest at the Bank’s prime rate plus 1.5%. The Bank’s prime rate was 4.50% at December 31, 2017. 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, 2017 or 2016.

## 6. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
United Way of Greater Rochester	\$55,903	\$55,903
Creative Wellness Opportunities	25,000	25,000
Capital projects	-	4,399
	<u>\$80,903</u>	<u>\$85,302</u>

## 7. 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,	
2018	\$207,448
2019	190,554
2020	176,433
2021	107,325
	<u>\$681,760</u>

Rent expense under all lease agreements totaled approximately \$227,000 and \$218,000 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, the Association had a cash balance of approximately \$51,000 and \$48,000, respectively within the Trust. At December 31, 2017, 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, 2017 and 2016.

## **8. 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, 2017 and 2016. Total Association contributions under this Plan were \$45,301 and \$41,291 for the years ended December 31, 2017 and 2016, respectively.

## **9. RISK CONCENTRATIONS**

During both of the years ended December 31, 2017 and 2016, one funder individually accounted for approximately 63% and 67% of total support and other revenue, respectively. Accounts receivable from this funder were \$0 and \$7,404 at December 31, 2017 and 2016, respectively.

During both of the years ended December 31, 2017 and 2016, an additional funder accounted for approximately 11% of total support and revenue, respectively. Accounts receivable from this funder were \$967 and \$73 at December 31, 2017 and 2016, respectively.

## **10. SUPPLEMENTAL CASH FLOW DISCLOSURES**

Cash paid for interest was \$1,197 and \$533 for the years ended December 31, 2017 and 2016, respectively.

## **11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 21, 2018, the date the financial statements were available to be issued, and has determined that there were no such events that would require adjustment to the audited financial statements or disclosure in the notes to financial statements.