

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

Financial Statements

December 31, 2019

(With Independent Auditors' Report Thereon)

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

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## INDEPENDENT AUDITORS' REPORT

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The Board of Directors  
The Mental Health Association of Rochester/  
Monroe County, Inc,

### Report on the Financial Statements

We have audited the accompanying financial statements of The Mental Health Association of Rochester/Monroe County, Inc. (the Association) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional revenue, functional expenses and cash flows for the year then ended, and the related notes to 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.

### Auditor's 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 Association'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 Association'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 Mental Health Association of Rochester/Monroe County, Inc. as of December 31, 2019, 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.

## Adjustments to Prior Period Financial Statements

The financial statements of The Mental Health Association of Rochester/Monroe County, Inc. as of December 31, 2018, were audited by other auditors whose report dated May 28, 2019, expressed an unmodified opinion on those financial statements. As discussed in Note 14 to the financial statements, the Association has adjusted its 2018 financial statements to record an asset that was not previously recognized and properly state accrued retirement expenses. The other auditors reported on the financial statements before this adjustment.

As part of our audit of the 2019 financial statements, we also audited the adjustments to the 2018 financial statements to record the asset not previously recognized as described in Note 14. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the Association's 2018 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York  
July 30, 2020

THE MENTAL HEALTH ASSOCIATION  
OF ROCHESTER/MONROE COUNTY, INC.  
Statement of Financial Position  
December 31, 2019  
with comparative totals for 2018

<u>Assets</u>	<u>2019</u>	2018 <u>(As restated)</u>
Current assets:		
Cash	\$ 40,889	150,561
Receivables, less allowance of \$10,000 in 2019 and \$20,000 in 2018	179,871	209,065
Prepaid expenses	<u>8,097</u>	<u>32,348</u>
Total current assets	228,857	391,974
Property and equipment, net	155,147	110,617
Investments, at fair value	506,597	428,788
Other assets	<u>69,332</u>	<u>55,331</u>
Total assets	<u>\$ 959,933</u>	<u>986,710</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	85,239	103,334
Accrued payroll and related benefits	117,120	46,110
Deferred revenue	116,973	21,974
Line of credit	<u>-</u>	<u>50,000</u>
Total current liabilities	<u>319,332</u>	<u>221,418</u>
Net assets:		
Without donor restrictions	554,519	667,995
With donor restrictions	<u>86,082</u>	<u>97,297</u>
Total net assets	<u>640,601</u>	<u>765,292</u>
Total liabilities and net assets	<u>\$ 959,933</u>	<u>986,710</u>

See accompanying notes to financial statements.

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

Statement of Activities  
Year ended December 31, 2019  
with comparative totals for 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018 (As restated)</u>
Public support and revenue:				
Public support:				
Monroe County/Coordinated Care Services, Inc.	\$ 1,576,690	-	1,576,690	1,614,546
Other government funding	-	-	-	360,766
Non-governmental contracts	125,006	-	125,006	-
United Way of Greater Rochester	-	86,482	86,482	90,504
Adjustment to prior year's revenue	2,243	-	2,243	(34,705)
Net assets released from restriction	<u>111,482</u>	<u>(111,482)</u>	<u>-</u>	<u>-</u>
Total public support	<u>1,815,421</u>	<u>(25,000)</u>	<u>1,790,421</u>	<u>2,031,111</u>
Other support:				
Fundraising and other	46,476	13,785	60,261	127,287
Foundation support	3,132	-	3,132	88,118
Gifts and bequests	<u>3,001</u>	<u>-</u>	<u>3,001</u>	<u>10,602</u>
Total other support	<u>52,609</u>	<u>13,785</u>	<u>66,394</u>	<u>226,007</u>
Other revenue:				
Program income:				
Program fees	265,167	-	265,167	301,617
Sale of materials	209	-	209	47,077
Investment return (loss), net	84,668	-	84,668	(20,307)
Miscellaneous income	<u>11,857</u>	<u>-</u>	<u>11,857</u>	<u>475</u>
Total other revenue	<u>361,901</u>	<u>-</u>	<u>361,901</u>	<u>328,862</u>
Total public support and revenue	<u>2,229,931</u>	<u>(11,215)</u>	<u>2,218,716</u>	<u>2,585,980</u>

(Continued)

See accompanying notes to financial statements.

THE MENTAL HEALTH ASSOCIATION  
OF ROCHESTER/MONROE COUNTY, INC.  
Statement of Activities, Continued

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u> <u>(As restated)</u>
Expenses:				
Program services:				
Family Support Services	\$ 484,794	-	484,794	495,703
Wyoming County	-	-	-	329,293
Drop-in Services	286,394	-	286,394	248,161
Creative Wellness Opportunities	218,217	-	218,217	208,288
Transitional Coaching	195,403	-	195,403	215,528
Life Skills	163,539	-	163,539	183,870
Consumer Self Help	154,218	-	154,218	138,819
Home Community Based Services	172,321	-	172,321	-
Livingston County	50,744	-	50,744	37,944
Ontario County	40,944	-	40,944	24,212
Other programs	<u>270,221</u>	<u>-</u>	<u>270,221</u>	<u>257,215</u>
Total program services	<u>2,036,795</u>	<u>-</u>	<u>2,036,795</u>	<u>2,139,033</u>
Supporting services:				
Management and general	261,596	-	261,596	304,530
Fundraising	<u>45,016</u>	<u>-</u>	<u>45,016</u>	<u>105,470</u>
Total supporting services	<u>306,612</u>	<u>-</u>	<u>306,612</u>	<u>410,000</u>
Total expenses	<u>2,343,407</u>	<u>-</u>	<u>2,343,407</u>	<u>2,549,033</u>
Change in net assets	<u>(113,476)</u>	<u>(11,215)</u>	<u>(124,691)</u>	<u>36,947</u>
Net assets at beginning of year, as previously stated	667,995	97,297	765,292	675,671
Prior period adjustments (note 14)	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,674</u>
Net assets at beginning of year, as restated	<u>667,995</u>	<u>97,297</u>	<u>765,292</u>	<u>728,345</u>
Net assets at end of year	<u>\$ 554,519</u>	<u>86,082</u>	<u>640,601</u>	<u>765,292</u>

See accompanying notes to financial statements.

THE MENTAL HEALTH ASSOCIATION  
OF ROCHESTER/MONROE COUNTY, INC.  
Statement of Functional Revenue  
Year ended December 31, 2019  
with comparative totals for 2018

	Program Services										Supporting Services		Total		
	Family Support Services	Drop-in Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self-Help	Home Community Based Services	Livingston County	Ontario County	Other programs	Total	Management and general	Fundraising	2019	2018 (As restated)
Public support:															
Monroe County/Coordinated Care Services, Inc.	\$ 525,706	314,212	234,043	85,832	178,550	165,422	-	43,203	29,722	-	1,576,690	-	-	1,576,690	1,614,546
Other government funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360,766
Non-governmental contracts	-	-	-	-	-	-	-	-	-	125,006	125,006	-	-	125,006	-
United Way of Greater Rochester	-	-	-	63,683	-	-	-	-	-	22,799	86,482	-	-	86,482	90,504
Adjustment to prior year's revenue	-	-	500	-	-	-	-	-	-	1,743	2,243	-	-	2,243	(34,705)
Total public support	<u>525,706</u>	<u>314,212</u>	<u>234,543</u>	<u>149,515</u>	<u>178,550</u>	<u>165,422</u>	<u>-</u>	<u>43,203</u>	<u>29,722</u>	<u>149,548</u>	<u>1,790,421</u>	<u>-</u>	<u>-</u>	<u>1,790,421</u>	<u>2,031,111</u>
Other support:															
Fundraising and other	-	-	3,000	-	-	-	-	1,500	-	14,299	18,799	-	41,462	60,261	127,287
Foundation support	-	-	-	-	-	-	1,001	-	-	-	1,001	-	2,131	3,132	88,118
Gifts and bequests	-	-	75	-	-	-	-	-	-	-	75	-	2,926	3,001	10,602
Total other support	<u>-</u>	<u>-</u>	<u>3,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001</u>	<u>1,500</u>	<u>-</u>	<u>14,299</u>	<u>19,875</u>	<u>-</u>	<u>46,519</u>	<u>66,394</u>	<u>226,007</u>
Other revenue:															
Program income:															
Program fees	-	-	500	-	243	2,900	125,324	-	-	136,200	265,167	-	-	265,167	301,617
Sale of materials	-	-	-	-	-	-	-	-	-	209	209	-	-	209	47,077
Investment return (loss), net	-	-	-	-	-	-	-	-	-	84,668	84,668	-	-	84,668	(20,307)
Miscellaneous income	-	-	-	-	-	-	-	-	-	11,858	11,858	-	-	11,858	475
Total other revenue	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>243</u>	<u>2,900</u>	<u>125,324</u>	<u>-</u>	<u>-</u>	<u>232,935</u>	<u>361,902</u>	<u>-</u>	<u>-</u>	<u>361,902</u>	<u>328,862</u>
Total public support and revenue	<u>\$ 525,706</u>	<u>314,212</u>	<u>238,118</u>	<u>149,515</u>	<u>178,793</u>	<u>168,322</u>	<u>126,325</u>	<u>44,703</u>	<u>29,722</u>	<u>396,782</u>	<u>2,172,198</u>	<u>-</u>	<u>46,519</u>	<u>2,218,717</u>	<u>2,585,980</u>

See accompanying notes to financial statements.



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

Statement of Functional Expenses  
Year ended December 31, 2019  
with comparative totals for 2018

	Program Services											Supporting Services		Total	
	Family Support Services	Drop-in Services	Creative Wellness Opportunities	Transitional Coaching	Life Skills	Consumer Self-Help	Home Community Based Services	Livingston County	Ontario County	Other programs	Total	Management and general	Fundraising	2019	2018 (As restated)
Salaries	\$ 290,567	158,363	128,634	127,570	93,816	90,415	90,320	29,184	23,792	166,372	1,199,033	126,415	19,415	1,344,863	1,391,455
Payroll taxes and employee benefits	49,915	27,207	22,095	21,913	16,117	15,533	15,519	5,013	4,087	30,313	207,712	20,350	1,589	229,651	228,467
Total salaries and related benefits	340,482	185,570	150,729	149,483	109,933	105,948	105,839	34,197	27,879	196,685	1,406,745	146,765	21,004	1,574,514	1,619,922
Occupancy	53,981	33,084	20,096	21,218	20,128	17,848	22,229	4,897	4,219	11,019	208,719	16,991	3,115	228,825	248,954
Contract service fees	4,336	12,775	11,678	3,321	3,969	2,727	848	3,007	3,007	3,761	49,429	39,609	7,873	96,911	89,847
Supplies	18,043	8,820	5,081	5,246	4,658	4,405	5,517	1,221	1,052	4,024	58,067	4,516	253	62,836	74,326
Equipment rental and maintenance	17,853	10,933	6,586	7,089	6,357	5,946	7,509	1,667	1,436	4,152	69,528	5,092	281	74,901	49,573
Participant meetings	2,400	4,875	1,268	350	1,613	635	46	62	-	1,092	12,341	-	-	12,341	47,126
Travels	5,712	4,468	3,168	1,823	710	1,938	6,979	2,330	306	1,944	29,378	-	-	29,378	41,297
Meetings and conferences	4,762	4,970	638	-	399	2,283	684	-	212	37,275	51,223	1,863	825	53,911	39,601
Utilities	4,181	2,702	3,495	1,230	5,432	1,654	664	-	-	182	19,540	3,461	354	23,355	38,867
Telephone	11,049	4,067	800	1,393	1,416	4,479	8,307	1,351	1,879	1,531	36,272	2,108	6	38,386	38,409
Professional fees	3,130	1,917	1,155	1,243	1,115	1,042	1,317	292	252	5,209	16,672	22,297	-	38,969	30,447
Volunteer stipends	-	640	3,840	-	990	215	-	-	-	-	5,685	-	-	5,685	29,643
Insurance	5,317	4,090	3,082	2,025	1,700	1,664	3,282	465	387	49	22,061	3,849	-	25,910	28,102
Special events	94	-	210	-	547	-	-	600	-	-	1,451	-	7,279	8,730	24,084
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,500
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Media	1,656	1,430	1,116	441	692	1,117	901	473	77	464	8,367	1,498	197	10,062	17,492
Small equipment purchases	460	87	-	75	-	50	2,851	-	34	984	4,541	296	-	4,837	11,568
Building repairs	-	145	-	-	-	-	-	-	-	-	145	-	-	145	11,334
Membership dues	150	375	130	130	130	165	-	-	-	-	1,080	6,161	-	7,241	7,406
Program participant benefits	-	1,960	850	-	-	-	-	-	-	-	2,810	-	-	2,810	7,250
Postage	776	283	270	250	153	209	593	108	35	71	2,748	139	-	2,887	7,037
Printing	372	1,192	170	80	318	370	661	-	118	-	3,281	244	1,869	5,394	6,826
Duplicating	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,969
Subscriptions and publications	317	444	149	6	36	20	48	74	6	-	1,100	1,841	1,960	4,901	5,265
Interest expense	-	-	-	-	-	-	840	-	-	-	840	1,232	-	2,072	2,641
Bank fees	-	-	-	-	-	3	2	-	45	-	50	2,086	-	2,136	2,508
Miscellaneous	1,294	116	-	-	1,956	-	-	-	-	14	3,380	2	-	3,382	713
Total expenses before depreciation	476,365	284,943	214,511	195,403	162,252	152,718	169,117	50,744	40,944	268,456	2,015,453	260,050	45,016	2,320,519	2,526,707
Depreciation	8,429	1,451	3,706	-	1,287	1,500	3,204	-	-	1,765	21,342	1,546	-	22,888	22,326
Total expenses	\$ 484,794	286,394	218,217	195,403	163,539	154,218	172,321	50,744	40,944	270,221	2,036,795	261,596	45,016	2,343,407	2,549,033

See accompanying notes to financial statements.

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

Statement of Cash Flows  
Year ended December 31, 2019  
with comparative totals for 2018

	<u>2019</u>	<u>2018</u> <u>(As restated)</u>
Cash flows from operating activities:		
Change in net assets	\$ (124,691)	36,947
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,888	22,326
Loss on disposal of property and equipment	-	20,500
Unrealized (gain) loss on investments	(71,002)	22,644
Changes in provisions for doubtful accounts	(10,000)	20,000
Changes in:		
Receivables	39,194	(69,870)
Prepaid expenses	24,251	(8,235)
Other assets	(14,001)	(2,657)
Accounts payable	(18,095)	52,482
Accrued payroll and payroll taxes	71,010	(30,370)
Deferred revenue	94,999	(24,200)
Net cash provided by operating activities	<u>14,553</u>	<u>39,567</u>
Cash flows from investing activities:		
Purchase of investments, net	(6,807)	(5,834)
Additions to property and equipment	<u>(67,418)</u>	<u>(64,204)</u>
Net cash used in investing activities	<u>(74,225)</u>	<u>(70,038)</u>
Cash flows from financing activities:		
Proceeds from line of credit	273,795	50,000
Repayment of line of credit	<u>(323,795)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(50,000)</u>	<u>50,000</u>
Net change in cash	(109,672)	19,529
Cash at beginning of year	<u>150,561</u>	<u>131,032</u>
Cash at end of year	<u>\$ 40,889</u>	<u>150,561</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2019

(1) Organization

The Mental Health Association 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 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 training 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 and Ontario 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.

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

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(b) Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Association's governing board.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

(c) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(d) Cash

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(e) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables.

(f) Investments

Investments are stated at fair value as determined by published market prices.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives primarily using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

(h) Contributions

Contributions are recognized when donors make an unconditional promise to give to the Association. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(i) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant requirements. Amounts unspent are recorded in the statement of financial position as deferred revenue.

(j) Contributed Services

During the years ended December 31, 2019 and 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many goods are donated and many individuals volunteer their time and perform a variety of tasks that assist the Association.

(k) Advertising

Advertising costs are expensed as incurred. Advertising costs were \$10,062 and \$17,492 for the years ended December 31, 2019 and 2018, respectively.

(l) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated on the basis of level of effort and square footage.

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

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(m) Subsequent Events

The Association has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Association and its future results and financial position is not presently determinable.

Subsequent to December 31, 2019, the Association received a \$278,715 loan under the Small Business Administration Paycheck Protection Program.

(n) Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Association has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Association presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Association has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Association are subject to examination by taxing authorities.

(o) Recent Accounting Standards Issued

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made." ASU 2018-08 provides clarification for determining if grants and contracts should be considered contributions or exchange transactions, as well as guidance for determining if a contribution is conditional. This guidance is effective for fiscal years beginning after December 15, 2018. These financial statements and notes reflect adoption of this new standard.

(3) Liquidity

The Association has \$220,760 of financial assets available within one year of the statement of financial position date consisting of \$40,889 of cash and \$179,871 of accounts receivable. Some of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. Additionally, the Association has available \$506,597 in investments at December 31, 2019, however use of those investments for operating purposes is subject to approval by the Board of Directors. As discussed in note 6, the Association has a committed line of credit in the amount of \$300,000, which it could draw upon in the event of an unanticipated liquidity need.

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

Notes to Financial Statements, Continued

(4) Investments

The fair value of investments at December 31, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 39,644	20,537
Exchange traded products	183,089	175,705
Equities	<u>283,864</u>	<u>232,546</u>
	<u>\$ 506,597</u>	<u>428,788</u>

Investments are stated at fair value. The fair value of securities is based on quotations obtained from national securities exchanges. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation or depreciation is included in the statement of activities.

Fair Value Measurements

A framework has been established for measuring fair value. That framework 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 or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

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; and
- 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 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

THE MENTAL HEALTH ASSOCIATION  
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Notes to Financial Statements, Continued

(4) Investments, Continued

Fair Value Measurements, Continued

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

- Equity securities, corporate bonds and fixed income bond funds - Fair value is based on quoted market prices.
- Exchange traded products - Valued at the net asset value (NAV) of shares held by the Association at year end.

Investments held by the Association are classified as level 1 in the fair value hierarchy.

(5) Property and Equipment

Property and equipment consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 159,327	109,749
Equipment	73,592	63,001
Vehicles	21,241	21,241
Furniture and fixtures	<u>93,285</u>	<u>86,036</u>
	347,445	280,027
Less - accumulated depreciation	<u>(192,298)</u>	<u>(169,410)</u>
	<u>\$ 155,147</u>	<u>110,617</u>

Depreciation for the years ended December 31, 2019 and 2018 totaled \$22,888 and \$22,326, respectively, and is allocated to programs and supporting services on the statement of functional expenses.

(6) Other 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, 2019 and 2018, the Association had a balance of \$69,332 and \$55,331, respectively, within the Trust.

(7) Line of Credit

The Association has a line of credit with a bank which provides for maximum borrowings of up to \$300,000. The line of credit bears interest at 6.5% and is secured by substantially all assets. There was no outstanding balance at December 31, 2019. The outstanding balance at December 31, 2018 was \$50,000.



THE MENTAL HEALTH ASSOCIATION  
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Notes to Financial Statements, Continued

(8) Commitments

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

The following is a schedule of future minimum lease payments required under these non-cancelable operating leases as of December 31, 2019.

2020	\$ 200,239
2021	<u>116,913</u>
	\$ <u>317,152</u>

Rent expense under all lease agreements totaled \$221,113 and \$242,000 for the years ended December 31, 2019 and 2018, respectively.

(9) Monroe County

The expenses applicable to the revenue received from Monroe County are subject to final audit and review by Monroe County.

(10) 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.

Total contributions under this Plan were \$12,449 and \$12,249 for the years ended December 31, 2019 and 2018, respectively.

(11) Economic Dependency

During the years ended December 31, 2019 and 2018, one funder individually accounted for approximately 69% and 63% of total support and other revenue, respectively. Accounts receivable from this funder were \$6,192 and \$30,800 at December 31, 2019 and 2018, respectively.

THE MENTAL HEALTH ASSOCIATION  
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Notes to Financial Statements, Continued

(12) Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Board designated	\$ 506,597	428,788
Undesignated	<u>47,922</u>	<u>239,207</u>
	\$ <u>554,519</u>	<u>667,995</u>

(13) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
United Way of Greater Rochester	\$ 52,297	52,297
Creative Wellness Opportunities	-	25,000
Center for Health and Well Being	20,000	20,000
First Unitarian Church	<u>13,785</u>	-
	\$ <u>86,082</u>	<u>97,297</u>

(14) Adjustments to Net Assets

Certain adjustments to the 2018 financial statements were required to record a balance held by the Association in an unemployment trust account that was previously not recognized as an asset of the Association. Additionally, adjustments were required to properly state the accrual of retirement contributions that were not approved by the Board of Directors. A summary of the restatements are as follows:

	As previously stated	<u>Adjustments</u>	<u>Restated amounts</u>
Other assets	\$ _____ -	<u>55,331</u>	<u>55,331</u>
Payroll taxes and employee benefits	\$ <u>265,809</u>	<u>(37,342)</u>	<u>228,467</u>
Net assets	\$ <u>675,671</u>	<u>52,674</u>	<u>728,345</u>
Accrued payroll and related benefits	\$ <u>76,444</u>	<u>(30,334)</u>	<u>46,110</u>
Investment return (loss), net	\$ <u>(15,956)</u>	<u>(4,351)</u>	<u>(20,307)</u>