

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Mental Health Association of
Palm Beach County, Inc.
West Palm Beach, Florida

Report on the Financial Statements

I have audited the accompanying Financial Statements of Mental Health Association of Palm Beach County, Inc., ('the Association") (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related Statements of Activities, Functional Expenses and Cash Flows for the years 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 risk 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, I 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 statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2018 and 2017, and the Changes in its Net Assets and its Cash Flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, I have also issued my reports dated December 4, 2018, on my consideration of the Association's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Association's internal control over financial reporting and compliance.

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018 and 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> | <u>2017</u> |
|-----------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|----------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 82,911 | \$ 77,880 | \$ 87,772 | \$ 248,563 | 135,917 |
| Investments | 444,346 | | - | 444,346 | 497,811 |
| Grants Receivable | 16,353 | | | 16,353 | 39,667 |
| Other Receivables | | | | - | 3,859 |
| Prepaid Expenses | 12,680 | | | 12,680 | 12,485 |
| Total Current Assets | <u>556,290</u> | <u>77,880</u> | <u>87,772</u> | <u>721,942</u> | <u>689,739</u> |
| | | | | | |
| Property and Equipment, (net) | \$ 48,026 | | | 48,026 | 47,032 |
| Deposits | 2,000 | | | 2,000 | 2,000 |
| | | | | - | - |
| Total Assets | <u>\$ 606,316</u> | <u>\$ 77,880</u> | <u>\$ 87,772</u> | <u>\$ 771,968</u> | <u>738,770</u> |
| | | | | | |
| LIABILITIES AND NET ASSETS | | | | | |
| Current Liabilities: | | | | | |
| Deferred Revenue | - | 77,880 | | \$ 77,880 | 69,444 |
| Accounts payable | 12,284 | | | 12,284 | 7,934 |
| Accrued Expenses | 18,416 | | | 18,416 | 22,027 |
| Total Current liabilities: | <u>30,700</u> | <u>77,880</u> | <u>-</u> | <u>108,580</u> | <u>99,405</u> |
| | | | | | |
| Net Assets | <u>575,616</u> | | <u>87,772</u> | <u>663,388</u> | <u>639,365</u> |
| | | | | - | - |
| Total Liabilities and Net Assets | <u>\$ 606,316</u> | <u>\$ 77,880</u> | <u>\$ 87,772</u> | <u>\$ 771,968</u> | <u>738,770</u> |

See accompanying notes to financial statements

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
STATEMENT OF ACTIVITIES
For Years Ended June 30, 2018 and 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> | <u>2017</u> |
|------------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|-------------------|
| Support and Revenues | | | | | |
| State and Local Grants | \$ 216,667 | | | \$ 216,667 | \$ 202,178 |
| Contributions | 497,393 | | | 497,393 | 438,651 |
| Special Events | 30,956 | | | 30,956 | 52,073 |
| Investment Income | 39,208 | | 4,620 | 43,828 | 25,311 |
| Miscellaneous | 29,650 | | | 29,650 | 19,487 |
| Total Support and Revenues | <u>813,874</u> | <u>-</u> | <u>4,620</u> | <u>818,494</u> | <u>737,699</u> |
| Expiration of Time Restriction | | | | - | - |
| Total Unrestricted Revenues | <u>813,874</u> | <u>-</u> | <u>4,620</u> | <u>818,494</u> | <u>732,021</u> |
| Expenses | | | | | |
| Program Services | 602,880 | | | 602,880 | 623,147 |
| Management and general | 186,046 | | | 186,046 | 97,667 |
| Fundraising | 2,042 | | | 2,042 | 907 |
| Total Expenses | <u>790,968</u> | <u>-</u> | <u>-</u> | <u>790,968</u> | <u>721,721</u> |
| Change in Net Assets | 22,906 | - | 4,620 | 27,526 | 10,300 |
| Transfer | - | | | - | - |
| Net Asset at Beginning of Year | <u>552,710</u> | | <u>83,152</u> | <u>635,862</u> | <u>625,562</u> |
| Net Asset at End of Year | <u>\$ 575,616</u> | <u>\$ -</u> | <u>\$ 87,772</u> | <u>\$ 663,388</u> | <u>\$ 635,862</u> |

See Accompanying notes to financial statements

Mental Health Association of Palm Beach County
Statement of Functional Expenses
For the year ended June 30, 2018

| | MHF | | | | | | | Total Program Services | Administrative Services | Fundraising | 2018 TOTAL |
|-------------------------------------|------------------|------------------------|-------------------|----------------------------|-----------------|------------------|------------------------|------------------------|-------------------------|----------------|------------------|
| | PROGRAM SERVICES | Listen to The Children | Mental Health GPS | Resource & Learning Center | My Life | Peer Place | Peers Empowering Peers | | | | |
| Personnel Expenses | | | | | | | | | | | |
| Salaries & Wages | 21,664 | - | 48,159 | - | 2,442 | 56,323 | 227,971 | 38,925 | 66,007 | - | 461,490 |
| Payroll Taxes | 1,170 | - | 3,827 | - | 86 | 6,747 | 19,042 | 1,662 | 4,367 | - | 36,902 |
| Payroll Expenses | 166 | - | 61 | - | 15 | 145 | 1,579 | 177 | 545 | - | 2,688 |
| Life & Health Insurance | 614 | - | 662 | - | - | 253 | 826 | 525 | 989 | - | 3,889 |
| Workers Compensation | 333 | - | 949 | - | - | 1,423 | 1,414 | - | 1,099 | - | 5,219 |
| Retirement Contributions | 1,280 | - | 93 | - | - | 1,010 | 3,124 | 479 | - | - | 5,986 |
| Total Personnel Expenses | 25,228 | - | 53,751 | - | 2,543 | 65,901 | 253,957 | 41,768 | 73,007 | - | 516,154 |
| Operating Expenses | | | | | | | | | | | |
| Affiliation Dues | - | - | - | - | 1,160 | - | - | - | - | - | 1,160 |
| Advertising Expense | - | - | - | - | - | - | - | - | 4,902 | - | 4,902 |
| Advisory Fees | - | - | - | - | - | 31 | 125 | 187 | 976 | - | 2,606 |
| Background Checks | 63 | 1,724 | - | - | - | - | - | - | 520 | 99 | 757 |
| Bank & Credit Card Charges | - | - | - | - | - | - | - | - | 137 | - | 137 |
| Building Maint. | - | - | 361 | - | 9 | 8,080 | 1,125 | - | 8,055 | - | 17,630 |
| Dues&Subscriptions,Memberships | - | - | 3,350 | - | - | - | - | - | 2,435 | 500 | 6,285 |
| Equip Rental and Maintenance | - | - | - | 53 | 1,213 | - | - | - | 26 | - | 1,292 |
| Equipment Purchases | - | - | 242 | - | - | - | 39 | - | 1,765 | - | 2,865 |
| Food | - | 603 | - | 1,213 | 757 | 1,128 | 211 | - | 1,100 | - | 5,024 |
| Fundraising Events Expense | - | - | - | - | - | - | - | - | 810 | - | 810 |
| Insurance | - | - | - | - | - | - | - | - | 20,094 | - | 20,094 |
| Legal & Professional License & Fees | 2,159 | 12,665 | 6,526 | - | 543 | 1,605 | 13,304 | 4,264 | 35,722 | - | 76,786 |
| Medical Expenses | - | - | - | - | 575 | - | - | - | 1,292 | - | 1,867 |
| Office Supplies | 149 | 35 | 531 | 438 | 390 | 3,657 | 661 | 307 | 3,840 | 1,038 | 11,087 |
| Postage, Mailing Service | - | 41 | 90 | - | - | 188 | - | 3 | 358 | 405 | 1,084 |
| Printing and Copying | 1,336 | 30 | 659 | - | 438 | 279 | 389 | 76 | 2,236 | - | 5,442 |
| Program Supplies Expense | - | - | - | - | - | - | - | - | - | - | - |
| Rents Utilities | 1,044 | 100 | 576 | 1,762 | 8 | 47,577 | - | - | 4,535 | - | 55,602 |
| Security | - | - | - | - | - | 482 | - | 145 | 597 | - | 1,224 |
| Staff Development | 127 | 93 | - | - | - | 25 | - | - | 990 | - | 1,235 |
| Storage Fees | - | - | - | - | - | - | - | - | 732 | - | 732 |
| Supplies Expense | - | 210 | - | 45 | 5,652 | 657 | 59 | 5 | 6,628 | - | 7,368 |
| Telephone, Telecommunications | 1,297 | - | 13,916 | - | 353 | 3,733 | 1,875 | - | 7,263 | - | 28,437 |
| Travel and Meetings | 540 | - | 217 | - | 109 | 589 | 1,643 | 1,443 | 9,472 | - | 14,013 |
| Total Operating Expenses | 31,944 | 15,000 | 80,218 | 4,031 | 13,750 | 135,455 | 273,432 | 48,199 | 180,372 | 2,042 | 784,444 |
| Depreciation & Amortization Exp | - | - | - | - | - | 850 | - | - | 5,674 | - | 6,524 |
| Total Expenses | \$31,944 | \$15,000 | \$80,218 | \$4,031 | \$13,750 | \$136,305 | \$273,432 | \$48,199 | \$186,046 | \$2,042 | \$790,968 |

See Accompanying notes to financial statements

Mental Health Association of Palm Beach County, Inc.
Statement of Functional Expenses
For the year ended June 30, 2017

| | PROGRAM SERVICES | | | | | | | Total Program Services | Administrative Services | Fundraising | Total |
|---------------------------------|--------------------------------------|------------------------|---------------------------|------------|------------------------------|----------|-----------|------------------------------|----------------------------|-------------|-------|
| | (Be-Merge; Behavior & Primary) | (Farris Foundation) | (Mental Health GPS) | Peer Place | Peers Empowering Peers | Others | | | | | |
| Personnel Expenses | | | | | | | | | | | |
| Salaries & Wages | 53,051 | 54,155 | 54,812 | 45,805 | 135,699 | 27,916 | 371,439 | 39,895 | - | 411,333 | |
| Total Payroll Taxes | 8,950 | 5,123 | 4,240 | 8,182 | 2,596 | - | 29,091 | 1,547 | - | 30,638 | |
| Payroll Expenses | 382 | 448 | 588 | 601 | 271 | - | 2,289 | 23 | - | 2,313 | |
| Group Insurance | 839 | 1,239 | 923 | - | 511 | - | 3,513 | 445 | - | 3,958 | |
| Workers Compensation | 397 | 397 | 1,302 | 1,192 | 2,019 | - | 5,308 | - | - | 5,308 | |
| Retirement Contributions | 2,554 | 2,265 | 2,233 | 630 | 1,124 | - | 8,807 | - | - | 8,807 | |
| Total Personnel Expenses | 66,174 | 65,628 | 64,098 | 56,411 | 142,219 | 27,916 | 420,446 | 41,910 | - | 462,356 | |
| Operating Expenses | | | | | | | | | | | |
| Changes in Investment Values | | | | | | 1,500 | 1,500 | 109 | - | 1,608 | |
| Background Checks | 318 | 94 | 157 | - | 689 | 1,377 | 2,635 | - | - | 2,635 | |
| Security | - | 119 | 26 | 758 | - | - | 903 | 251 | - | 1,153 | |
| Equip Rental and Maintenance | - | - | 1,357 | - | 69 | 134 | 1,560 | 3,600 | - | 5,160 | |
| Building Maintenance | - | 15 | 383 | 2,500 | - | 2,820 | 5,718 | 1,485 | - | 7,204 | |
| Total Insurance | - | - | - | - | 15,672 | - | 15,672 | 224 | - | 15,896 | |
| Food | 63 | - | - | 2,900 | 78 | 2,265 | 5,306 | 620 | - | 5,925 | |
| Affiliation Dues | - | - | 125 | - | 563 | - | 688 | 563 | - | 1,250 | |
| Dues&Subscriptions,Memberships | - | - | 3,447 | - | 800 | - | 4,247 | 50 | - | 4,347 | |
| Postage, Mailing Service | - | - | - | 96 | 318 | 235 | 649 | 141 | 360 | 1,150 | |
| Printing and Copying | 128 | 1,764 | 454 | 409 | 909 | 827 | 4,491 | 708 | 162 | 5,361 | |
| Legal & Professional | - | 3,457 | 4,683 | 4,758 | 32,446 | 14,590 | 59,934 | 11,498 | - | 71,432 | |
| Program Supplies Expense | - | - | 460 | 832 | - | 59 | 1,350 | - | - | 1,350 | |
| Storage Fees | - | - | - | - | 506 | - | 506 | 108 | - | 614 | |
| Office Supplies | 1,457 | 1,459 | 262 | 2,564 | 2,136 | 1,086 | 8,964 | 1,498 | 28 | 10,490 | |
| Rents & Utilities | - | 2,562 | 690 | 36,902 | 1,306 | 4,072 | 45,532 | 28,138 | - | 73,670 | |
| Staff Development | 306 | 310 | - | 58 | 486 | 57 | 1,216 | 75 | - | 1,291 | |
| Telephone, Telecommunications | - | 2,316 | 16,575 | 2,048 | 2,350 | 2,511 | 25,799 | 794 | - | 26,592 | |
| Travel and Meetings | 1,554 | 857 | 57 | 370 | 1,409 | 142 | 4,389 | 272 | 22 | 4,684 | |
| Fundraising Events Expense | - | - | - | - | - | 10,119 | 10,119 | - | 284 | 10,403 | |
| License & Fees | - | 61 | - | - | 1,060 | - | 1,121 | 174 | - | 1,295 | |
| Medical Expenses | - | - | - | - | 402 | - | 402 | - | - | 402 | |
| Total Operating Expenses | 3,826 | 13,013 | 28,676 | 54,193 | 61,198 | 41,794 | 202,701 | 50,306 | 907 | 253,914 | |
| Depreciation & Amortization Exp | - | - | - | - | - | - | - | 5,452 | - | 5,452 | |
| Total Expenses | \$70,000 | \$76,641 | \$92,775 | \$110,604 | \$203,417 | \$69,710 | \$623,147 | \$97,667 | \$907 | \$721,721 | |

See Accompanying notes to financial statements

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
STATEMENT OF CASH FLOWS
For Years Ended June 30, 2018 and June 30, 2017

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| Increase / (Decrease) in net assets | \$ 27,526 | \$ 10,198 |
| Depreciation and Amortization | 6,524 | 5,452 |
| Adjustment in value of Investments | | (13,270) |
| Grant Receivable | 23,314 | 61,466 |
| Other receivables | 3,859 | - |
| Other Assets | (909) | 1,094 |
| Deferred Revenue | | - |
| Accounts payable | 4,350 | (2,668) |
| Accrued Expenses | (7,168) | 5,876 |
| Deferred revenue | 8,436 | |
| CASH PROVIDED BY OPERATING ACTIVITIES | <u>65,932</u> | <u>68,149</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Equipment | (6,751) | (16,702) |
| Decrease in investments | 53,465 | (49,609) |
| | <u>46,714</u> | <u>(66,311)</u> |
| (Decrease)/Increase in Cash & Cash Equivalent | 112,646 | 1,838 |
| Cash and Cash Equivalent at Beginning | 135,917 | 134,079 |
| Cash and Cash Equivalent at end | <u><u>248,563</u></u> | <u><u>135,917</u></u> |

The accompanying notes are an integral part of these financial statements

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Mental Health Association of Palm Beach County, Inc. (“the Association”) is a Florida not-for-profit corporation established in 1949, and is dedicated to improving the lives of people who are touched by mental illness through advocacy, education, research, and outreach. The Association works to reduce the stigma of mental illness and improve understanding about issues related to mental health and well-being.

The Association is devoted to working with its community partners to advocate for optimal mental health and wellness. The Association influences public policy, conducts research, advocates for, and educates the community on a variety of topics related to mental health and wellness.

To achieve its purposes, the Association operates a variety of prevention, evaluation and treatment services and, from time to time, may add additional services to address unmet needs that exist or may arise in its service area. Brief descriptions of the Association’s significant programs are as follows:

Be Merge Program through a partnership with USF Health provides on-line training for primary care providers to become more proficient at integrating behavioral health screening.

Be Merge for Infants and Children (BMIC) Program helps pediatric primary care providers identify and respond to potential mental health issues.

Care Access Navigation Services System (CANSS) offers free mental health screenings in community health centers.

Listen to Children, offers caring mentors in more than 55 schools in Palm Beach County.

Mpower for Teens, teaches teens about mental health and wellness in high schools.

Peer Place Support Center and Peer Place Books, offers peer support and mentoring to people recovering from mental illness.

Successful Aging Initiative, accesses the mental needs of older adults and provides support.

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Nature of Activities (Cont'd.)

Mind/Body Wellness Institute, supports community awareness about the mind body relationship through education and wellness activities.

Learning and Resource Center, provides workshops, training and other educational presentations to mental health professionals and the general public

Basis of Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets:

1. *Unrestricted Net Assets* are those currently available for use in the current operations of the Association under the direction of the Board.
2. *Temporarily Restricted Net Assets* are those stipulated by donors for specific operating purposes.
3. *Permanently Restricted Net Assets* consist of an endowment gift, the principal of which must be held in perpetuity under the terms of the gift. The investment earnings on the permanently restricted net assets may be used for current operations.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase.

Investments

The Association carries investments in fixed rate certificates of deposit with readily determinable fair values that are stated at fair market value.

Property and Equipment

The Association capitalizes all expenditures for equipment at a cost of \$500 or more.

Property and equipment are stated at cost less accumulated depreciation. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related assets as follows:

| <u>ASSETS</u> | <u>METHOD</u> | <u>YEARS</u> |
|---------------|---------------|--------------|
| Building | SL | 15-35 |

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Property and Equipment (Cont'd.)

| | | |
|------------------------|----|------|
| Building Improvements | SL | 5-30 |
| Vehicles | SL | 7 |
| Furniture and Fixtures | SL | 5-15 |

Maintenance, minor repairs and replacements are charged to expense as incurred.

Endowment Funds

The Association reports endowment fund investments at their fair market value in the Statement of Financial Position. Investment income is included in the Statement of Activities. Under the terms of the donor agreement, investment income can be used for unrestricted operating purposes. The Endowment Funds are permanently restricted, unless otherwise stipulated.

Grants and Contributions

Grants are received from State and local sources. Revenues from State and County grants are recognized either when reimbursable program expenses are incurred or for the operating days of the Peer Place Drop-In Center. Grants from private sources are recognized during the period that they are received. The grants from Palm Beach County Board of Commissioners and South East Florida Behavioral Health Network are multi-year grants.

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted.

Concentration of Credit Risk

Financial instruments that subject the Association to concentrations of credit risk include cash. While the Association attempts to limit its financial exposure, its deposit balances have at times exceeded federally insured limits. The Association maintains accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Association has not experienced any losses on such balances.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributed Services

The Association does not recognize any support, revenue or expense from services contributed by volunteers because they do not meet the criteria for measurement.

Functional Allocation of Expenses

In the accompanying Statement of Activities, expenses have been reported by their financial classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purpose or mission for which the Association exists. Supporting activities are all activities, other than program services, and are included in the financial statements as management and general expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

The Association is exempt from Federal income tax as an organization described under Section 501 (c)(3) of the Internal Revenue Code. The Association is no longer subject to income tax examinations for fiscal years up to and including 2015.

NOTE 2 – RECLASSIFICATION

Certain amounts for the year ended June 30, 2018, have been reclassified for comparative purposes to conform to the presentation used in June 30, 2017 Financial Statements. The classifications have no effect on total net assets for the year ended June 30, 2018.

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 3 – GRANTS RECEIVABLE

The following is a summary of grants receivable at June 30, 2018 and 2017, respectively:

| | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| Southeast Florida Behavioral Health Network | \$ 1,455 | \$ 9,447 |
| United Way of Palm Beach County | - | 7,775 |
| Florida Health Network | 10,834 | 21,756 |
| PBC Board of County Commissioners | 4,064 | 689 |
| TOTAL | <u>\$ 16,353</u> | <u>\$ 39,667</u> |

The Association considers grants receivable to be fully collectible; accordingly no allowance for doubtful accounts is required.

NOTE 4 – PROPERTY AND EQUIPMENT

At June 30, 2018 and 2017 property and equipment consisted of the following:

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|------------------|------------------|
| Land | \$ 10,800 | \$ 10,800 |
| Building | 221,460 | 221,460 |
| Furniture and Equipment | 195,158 | 189,302 |
| | <u>427,418</u> | <u>421,562</u> |
| Less Accumulated Depreciation | 379,392 | 374,530 |
| | <u>\$ 48,026</u> | <u>\$ 47,032</u> |

NOTE 5 – OPERATING LEASES

The Association leases equipment, storage and building under various non-cancelable operating leases. The lease payments are expensed in the year of payment. Those leases generally contain renewal options for periods ranging from three to ten years and require the Association to pay all executory costs such as taxes, maintenance, and insurance. Total rental expense for those leases were \$43,406 and \$33,640 respectively, for the years ended June 30, 2018 and 2017. Future minimum lease payments under the operating leases as of June 30, 2018, total \$43,406 for the year ending June 30, 2019.

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Association has established a defined contribution pension plan for all employees who are age 21 or older and have completed at least 1,000 hours of service (as defined). Employees become fully vested upon the completion of three years of service. Employer contributions to the

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 - EMPLOYEE BENEFIT PLAN (CONT'D)

Plan are equal to 3% (reduced for forfeited accounts, if any) of monthly compensation and totaled \$5,986 and \$8,807 for the year ended June 30, 2018 and 2017 respectively. Forfeited accounts totaled \$-0- for the years ended June 30, 2018 and 2017. At June 30, 2018, there was no unused portion of forfeited contributions to offset future employer contributions.

NOTE 7 – CONCENTRATIONS - REVENUE

The Association receives support from various charitable Foundations and Trusts. During the fiscal year ended June 30, 2018 and 2017 the Association received 25% and 35% respectively of its revenue from these charitable Foundations and Trusts.

NOTE 8 – CONTINGENCIES

The Association receives financial assistance from State and Local governmental agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from audits could become a liability of the Association.

NOTE 9 – DEFERRED REVENUE

Deferred revenue represents contributions received in the current year for which the obligation has not been expended or expired. As of June 30, 2018 and June 30, 2017 deferred revenues were \$77,880 and \$69,444 respectively.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was December 4, 2018.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Mental Health Association of Palm Beach County, Inc.
West Palm Beach, Florida

I have audited the financial statements of Mental Health Association of Palm Beach County, Inc. (“the Association”) (a non-profit organization) as of and for the year ended June 30, 2018, and have issued my report thereon dated December 4, 2018. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered the Association’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Association’s internal control over financing reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statement will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONT'D.)

To the Board of Directors
Mental Health Association of Palm Beach County, Inc.
West Palm Beach, Florida

Compliance and Other matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Management, the Board of Directors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Palm Beach Gardens, Florida
December 4, 2018

MANAGEMENT LETTER

To the Board of Directors
Mental Health Association
of Palm Beach County, Inc.
West Palm Beach, Florida

In planning and performing my audit of the Financial Statements of the Association for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America I considered the Association's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

However, during my audit I did not become aware of any matters that are opportunities for strengthening internal control and operating efficiency. This letter does not affect my report dated December 4, 2018, on the Financial Statements of the Association.

Palm Beach Gardens, Florida
December 4, 2018