

Mental Health Association in New Jersey, Inc.

Financial Statements

December 31, 2023 and 2022



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Mental Health Association in New Jersey, Inc.

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Independent Auditors' Report

To the Board of Trustees of
Mental Health Association in New Jersey, Inc.
Springfield, NJ 07081

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mental Health Association in New Jersey, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mental Health Association in New Jersey, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

To the Board of Trustees of
Mental Health Association in New Jersey, Inc.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

To the Board of Trustees of
Mental Health Association in New Jersey, Inc.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2024 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Nisivoccia LLP

Mt. Arlington, New Jersey
July 2, 2024

Mental Health Association in New Jersey, Inc.
Statement of Financial Position
December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,776,680	\$ 1,271,382
Due from associated county chapters	2,061	10,307
Grants and other receivables, net	1,176,266	1,537,006
Prepaid expenses and other assets	125,415	105,380
Investments	703,376	642,381
Operating lease right of use asset	1,206,166	1,250,644
Property and equipment, net	161,599	45,655
Total assets	<u>\$ 5,151,563</u>	<u>\$ 4,862,755</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Accounts payable and accrued expenses	\$ 522,263	\$ 513,369
Deferred revenue	271,178	239,387
Refundable advances	868,520	409,368
Note payable - Paycheck Protection Program	284,938	453,578
Operating lease liability	1,225,193	1,259,754
Total liabilities	<u>3,172,092</u>	<u>2,875,456</u>
 Net assets:		
Without donor restrictions:		
Undesignated	34,781	71,501
Board designated for endowment	703,376	642,381
Total without donor restrictions	<u>738,157</u>	<u>713,882</u>
With donor restrictions	<u>1,241,314</u>	<u>1,273,417</u>
Total net assets	<u>1,979,471</u>	<u>1,987,299</u>
Total liabilities and net assets	<u>\$ 5,151,563</u>	<u>\$ 4,862,755</u>

See Accompanying Notes to Financial Statements

Mental Health Association in New Jersey, Inc.
Statement of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
Governmental grants	\$ 7,904,301		\$ 7,904,301	\$ 6,924,960		\$ 6,924,960
Associated county chapter support	28,859		28,859	28,859		28,859
Program fees	1,243,706		1,243,706	1,388,752		1,388,752
Contributions	35,426	\$ 15,956	51,382	111,824	\$ 20,000	131,824
Special events	188,058		188,058	172,931		172,931
Legacies and bequests	152,651		152,651	168,437		168,437
Investment income (loss), net	68,783		68,783	(97,865)		(97,865)
Governmental grant - PPP loan forgiveness				198,218		198,218
Satisfaction of program restrictions	48,059	(48,059)		23,375	(23,375)	
Total revenue, gains and other support	<u>9,669,843</u>	<u>(32,103)</u>	<u>9,637,740</u>	<u>8,919,491</u>	<u>(3,375)</u>	<u>8,916,116</u>
Expenses:						
Program services:						
Adult services	3,825,682		3,825,682	3,272,250		3,272,250
Community education	3,826,151		3,826,151	3,870,803		3,870,803
Family and children's services	677,950		677,950	556,477		556,477
Public education and advocacy	313,064		313,064	334,390		334,390
Total program services	<u>8,642,846</u>		<u>8,642,846</u>	<u>8,033,920</u>		<u>8,033,920</u>
Supporting services:						
Management and general	777,591		777,591	730,455		730,455
Fundraising	218,631		218,631	251,017		251,017
Total supporting services	<u>996,222</u>		<u>996,222</u>	<u>981,472</u>		<u>981,472</u>
Support to Mental Health America, Inc.	6,500		6,500	6,500		6,500
Total expenses	<u>9,645,568</u>		<u>9,645,568</u>	<u>9,021,892</u>		<u>9,021,892</u>
Change in net assets	24,275	(32,103)	(7,828)	(102,401)	(3,375)	(105,776)
Net assets, beginning of year	<u>713,882</u>	<u>1,273,417</u>	<u>1,987,299</u>	<u>816,283</u>	<u>1,276,792</u>	<u>2,093,075</u>
Net assets, end of year	<u>\$ 738,157</u>	<u>\$ 1,241,314</u>	<u>\$ 1,979,471</u>	<u>\$ 713,882</u>	<u>\$ 1,273,417</u>	<u>\$ 1,987,299</u>

See Accompanying Notes to Financial Statements

Mental Health Association in New Jersey, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services				Supporting Services				Total
	Adult Services	Community Education	Family and Children's Services	Public Education and Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,147,885	\$ 2,436,106	\$ 461,330	\$ 225,108	\$ 5,270,429	\$ 492,288	\$ 85,715	\$ 578,003	\$ 5,848,431
Payroll taxes and employee benefits	491,982	493,141	97,043	39,285	1,121,451	85,912	14,959	100,871	1,222,322
Total personnel services	2,639,867	2,929,247	558,373	264,393	6,391,880	578,200	100,674	678,874	7,070,753
Consultants	379,847	251,151	19,634	102	650,734	67,016	65,358	132,374	783,108
Supplies	155,600	84,081	11,563	10,238	261,482	32,533	4,648	37,181	298,663
Communications	66,469	70,899	20,773	7,387	165,528	15,387	2,198	17,585	183,113
Facilities	390,380	110,767	53,478	6,355	560,980	27,889	3,178	31,067	592,047
Travel and meetings	113,219	323,004	4,462	16,639	457,324	29,767	4,252	34,019	491,343
General/administration	68,170	44,871	7,517	6,957	127,515	24,351	3,479	27,830	155,345
Special events							34,151	34,151	34,151
Total expenses before depreciation	3,813,552	3,814,020	675,800	312,071	8,615,443	775,143	217,938	993,081	9,608,524
Depreciation	12,130	12,131	2,150	993	27,404	2,448	693	3,141	30,544
Totals	\$ 3,825,682	\$ 3,826,151	\$ 677,950	\$ 313,064	\$ 8,642,846	\$ 777,591	\$ 218,631	\$ 996,222	9,639,068
Support to Mental Health America, Inc.									6,500
Total expenses									\$ 9,645,568

See Accompanying Notes to Financial Statements

Mental Health Association in New Jersey, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services				Total
	Adult Services	Community Education	Family and Children's Services	Public Education and Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,960,822	\$ 2,532,446	\$ 366,285	\$ 242,096	\$ 5,101,649	\$ 452,990	\$ 80,624	\$ 533,614	\$ 5,635,263
Payroll taxes and employee benefits	484,067	438,174	81,356	50,422	1,054,019	94,346	16,792	111,138	1,165,157
Total personnel services	2,444,889	2,970,620	447,641	292,518	6,155,668	547,336	97,416	644,752	6,800,420
Consultants	211,463	339,556	20,963		571,982	63,837	64,837	128,674	700,656
Supplies	90,658	72,549	13,644	6,616	183,467	20,728	2,961	23,689	207,156
Communications	67,675	88,089	14,106	8,837	178,707	20,361	2,909	23,270	201,977
Facilities	398,856	108,574	51,159	8,857	567,446	31,000	4,429	35,429	602,875
Travel and meetings	51,167	222,007	4,291	9,508	286,973	19,619	2,803	22,422	309,395
General/administration	2,995	64,029	3,900	7,592	78,516	26,568	3,796	30,364	108,880
Special events							71,518	71,518	71,518
Total expenses before depreciation	3,267,703	3,865,424	555,704	333,928	8,022,759	729,449	250,669	980,118	9,002,877
Depreciation	4,547	5,379	773	462	11,161	1,006	348	1,354	12,515
Totals	<u>\$ 3,272,250</u>	<u>\$ 3,870,803</u>	<u>\$ 556,477</u>	<u>\$ 334,390</u>	<u>\$ 8,033,920</u>	<u>\$ 730,455</u>	<u>\$ 251,017</u>	<u>\$ 981,472</u>	9,015,392
Support to Mental Health America, Inc.									6,500
Total expenses									<u>\$ 9,021,892</u>

See Accompanying Notes to Financial Statements

Mental Health Association in New Jersey, Inc.
Statement of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (7,828)	\$ (105,776)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	30,544	12,515
Net realized and unrealized (gain) loss on investments	(55,707)	110,376
Governmental grant - PPP loan forgiveness		(198,218)
Changes in operating assets and liabilities:		
Due from associated county chapters	8,246	(2,062)
Grants and other receivables	360,740	(560,843)
Prepaid expenses and other assets	(20,035)	3,524
Accounts payable and accrued expenses	8,894	(142,428)
Deferred revenue	31,791	(160,778)
Refundable advances	459,152	22,991
Operating lease assets and liabilities	9,917	9,110
Net cash provided by (used in) operating activities	<u>825,714</u>	<u>(1,011,589)</u>
Cash flows from investing activities:		
Dividends reinvested, net	(5,288)	(4,791)
Purchases of property and equipment	(146,488)	(27,001)
Net cash used in investing activities	<u>(151,776)</u>	<u>(31,792)</u>
Cash flows from financing activities:		
Principal repayments of note payable	(168,640)	(60,024)
Net cash used in financing activities	<u>(168,640)</u>	<u>(60,024)</u>
Net increase (decrease) in cash and cash equivalents	505,298	(1,103,405)
Cash and cash equivalents, beginning of year	<u>1,271,382</u>	<u>2,374,787</u>
Cash and cash equivalents, end of year	<u>\$ 1,776,680</u>	<u>\$ 1,271,382</u>
Supplemental disclosure of non cash activity:		
Unrealized gain (loss) on investments	<u>\$ 30,500</u>	<u>\$ (130,368)</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 3,822</u>	<u>\$ 11,835</u>

See Accompanying Notes to Financial Statements

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

1. Nature of Activities

The Mental Health Association in New Jersey, Inc. (the "Association") was established as a not-for-profit organization whose purpose is to provide support and education advocacy on behalf of persons with mental illness and to educate the public regarding mental health and mental illness in the State of New Jersey.

The accounts of associated county mental health chapter organizations in New Jersey are not included in the financial statements because they are administered and controlled by independently elected boards of directors and do not meet the requirements for consolidation under U.S. generally accepted accounting principles.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The significant accounting policies followed by the Association are described below:

Basis of Presentation

The Association prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), 605-205-15, *Accounting for Contributions Received and Made*, and FASB ASC 958-10-65, *Presentation of Financial Statements of Not-for-Profit Entities*. FASB ASC 958-10-65, *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Association manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. FASB ASC 605-205-15, *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Net Assets Without Donor Restrictions are resources representing the portion of expendable funds available for support of the Association's programs and general operations. These resources are not subject to donor-imposed restrictions. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees. Board designated funds amounted to \$703,376 and \$642,381 as of December 31, 2023 and 2022, respectively.

Net Assets With Donor Restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Association had net assets with donor restrictions of \$1,241,314 and \$1,273,417 as of December 31, 2023 and 2022, respectively.

Revenue and Support Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Association recognizes program fee revenue at the time the service is performed. Special event revenue is recognized at the time the event takes place. Associated county chapter support dues are billed quarterly and are recognized as income ratably in the applicable period. There are no multi-year contracts and performance obligations are typically satisfied within one year or less. Amounts billed for future services are reported as deferred revenue in the statement of financial position.

The Association recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Association's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with specific contract or grant provisions. Additionally, funds received in advance of their proper usage are accounted for as refundable advances in the statement of financial position. As of December 31, 2023 and 2022, refundable advances represent obligations of the Association to the Federal and New Jersey State Government under the various grant programs.

The Association recognizes revenue from ticket sales at the time of admission. The Association records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied:		
at a point in time	\$ 1,431,764	\$ 1,561,683
over time	<u>28,859</u>	<u>28,859</u>
	<u>\$ 1,460,623</u>	<u>\$ 1,590,542</u>

Revenue from performance obligations satisfied at a point in time is comprised of program fees and special event revenue. Revenue from performance obligations satisfied over time is comprised of associated county chapter support.

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred revenue, beginning of year	\$ 239,387	\$ 400,165
Revenue recognized that was included in deferred revenue at the beginning of year	(239,387)	(400,165)
Increase in deferred revenue due to cash received during the period	<u>271,178</u>	<u>239,387</u>
Deferred revenue, end of year	<u>\$ 271,178</u>	<u>\$ 239,387</u>

Income Tax Status

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Association is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not-for-Profit Act*. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Association follows the provisions of FASB ASC 740-10-50-15, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Association believes that it has appropriate support for the positions taken on its tax returns and accordingly, has not recorded any tax provision for the years ended December 31, 2023 and 2022. However, the Association is subject to audit by the federal and State of New Jersey jurisdictions during certain statutory periods. As such, certain tax positions could be challenged and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities, may differ materially from the amounts filed.

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

As required by law, the Association files informational returns with both the United States federal and State of New Jersey jurisdictions on an annual basis - Form 990 with the IRS, and Form CRI-300R with the State of New Jersey. These returns are subject to examination by these authorities within certain statutorily defined periods for both the federal and State of New Jersey.

Associated County Chapter Support

The Association derives a portion of its support from associated county chapters. Each Mental Health Association affiliate pays the Association an annual amount based upon their total nongovernment income, as established by the affiliate's prior year IRS Form 990, up to a maximum of \$13,297 for the years ended December 31, 2023 and 2022. Chapter support amounted to \$28,859 for the years ended December 31, 2023 and 2022.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less when acquired.

Grants and Other Receivables, net

Grants and other receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit 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. There was no allowance for credit losses for the years ended December 31, 2023 and 2022.

Recently Adopted Accounting Guidance

Allowance for Credit Losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Association that are subject to the guidance in FASB ASC 326 were program fees receivable.

The Association adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

Property and Equipment

Purchased property and equipment additions exceeding \$5,000 are capitalized and recorded at their original cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor restrictions regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Major repairs, improvements and replacements are capitalized. Maintenance and minor repairs and replacements, which do not improve or extend the life of the respective assets, are charged to expense as incurred.

Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if restricted, to deferred amounts restricted for fixed asset acquisition. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets.

The Association continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of fixed assets in accordance with the provisions of FASB ASC 360-10-05, *Accounting for the Impairment or Disposal of Long-Lived Assets*. No impairment losses were recorded for the years ended December 31, 2023 and 2022.

Investments

The Association follows the provisions as increases or decreases of net assets without donor restrictions of FASB ASC 958-320-05, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. In accordance with this accounting standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income or loss (including interest, dividends and realized gains and losses on sale of investments) are included in the statement of activities as increases or decreases of net assets without donor restrictions unless the income or loss is restricted by the donor or law. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation.

Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Association to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Fair Value of Financial Instruments

In accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The *Fair Value Measurements* Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price).

An exit price valuation will include margins for risk even if they are not observable. As the organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. 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 measurements involving significant unobservable inputs (Level 3 measurements).

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 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;
- 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. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Mental Health Association in New Jersey, Inc.
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- Cost approach - amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's 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. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Limited partner equity interest: carried at the net asset value (NAV) of shares held by the Association at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Association invests in limited partnership equity interests. These investments 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 such changes could materially affect the Association's investments and the amounts reported in the statement of financial position and the statement of activities.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Association to concentrations of credit risk, is comprised primarily of cash and cash equivalents. At times, amounts invested with financial institutions may exceed federally insured limits. Management believes it is not exposed to any significant credit risks.

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Notes to Financial Statements
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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Association's estimates may change in the near term.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated based on estimates made by management. Program expenses are those related to adult services, community education, family and children's services, and public education and advocacy programs. Management and general expenses relate to administrative expenses associated to those programs and are allocated based on estimates of time and effort considered by management to be reasonable. Fundraising relates to direct cost of special events, development activities carried on by the Association as well as the allocation of employees' salaries, when applicable, and other costs involved in fundraising and special events.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Association. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the programs sponsored by the Association. The value of this contributed time is not reflected in the financial statements since it does not meet the requirements for recognition under U.S. generally accepted accounting principles.

Deferred Revenue

Deferred revenue is comprised of amounts received in advance of services being performed which will be recognized as income in future periods when the services are performed. At December 31, 2023 and 2022, deferred revenue amounted to \$271,178 and \$239,387, respectively.

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
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Vacation Pay Accrual

The Association's policy regarding accrued vacation is that staff are allowed to carry over one week of accrued vacation from the prior year. Any vacation time which is not used in accordance with this policy will be forfeited. Total accrued vacation pay amounted to \$80,207 and \$64,651 at December 31, 2023 and 2022, respectively and is included in accounts payable and accrued expenses on the statement of financial position.

Advertising

Advertising is comprised principally of advertising in local media. The Association follows the policy of charging the costs of advertising to expense the first time the advertising takes place. Advertising expense for the years ended December 31, 2023 and 2022 was \$24,531 and \$7,604, respectively, and is included in general/administration in the statement of functional expenses.

Leases

The Association applies FASB ASC 842, *Leases*, to determine whether an arrangement is or contains a lease at inception. The Association leases their office space and a piece of equipment. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of their leases do not provide an implicit rate, the Association uses a risk-free rate of 1.40% for its office space and equipment classes of assets based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Association's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Association has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Association is reasonably certain to exercise. The Association recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2023 through the date of the independent auditors' report and the date the financial statements were available to be issued, July 2, 2024. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

3. Liquidity and Availability

The provisions of FASB Update No. 2016-14 require the presentation of qualitative information on how the Association manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,776,680	\$ 1,271,382
Due from associated county chapters	2,061	10,307
Grants and other receivables	1,176,266	1,537,006
Investments	<u>703,376</u>	<u>642,381</u>
Total financial assets	3,658,383	3,461,076
Less amounts not available to be used within one year:		
Board designated funds for endowment	703,376	642,381
Net assets with donor restrictions	<u>1,241,314</u>	<u>1,273,417</u>
	<u>1,944,690</u>	<u>1,915,798</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,713,693</u>	<u>\$ 1,545,278</u>

The Association receives significant funding from government grants, and considers this funding restricted by programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

In addition to these financial assets, a significant portion of the Association's annual expenditures will be funded by current year operating revenues including government grants, program fees, special event revenue and legacies and bequests. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
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The Association has a goal to maintain financial assets on hand to meet 30 days of normal operating expenses. As part of the Association’s liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Association has a committed line of credit in the amount of \$300,000 from which it could draw upon. In the event the need arises to utilize board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution as well.

4. Support - Legacies and Bequests

During 1973, Mental Health America, Inc. (formerly known as “National Association for Mental Health, Inc.”) (MHA) received a bequest from the Estate of Roberta L. Zuhlke, a former resident of Somerset County, New Jersey. In accordance with MHA’s “Financial Support Policy”, 80% of the annual income from the bequest is required to be distributed to the Association. The Association recognized bequest income of \$152,651 and \$168,437 from MHA for the years ended December 31, 2023 and 2022, respectively.

5. Investments

At December 31, 2023 and 2022, investments are comprised of the following:

	December 31, 2023		December 31, 2022	
	Cost	Fair Value (level 3)	Cost	Fair Value (level 3)
Partnership interests	<u>\$ 311,976</u>	<u>\$ 703,376</u>	<u>\$ 311,976</u>	<u>\$ 642,381</u>

A reconciliation of assets measured at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Beginning balance	\$ 642,381	\$ 747,966
Investment fees	(7,788)	(7,720)
Dividends and interest	13,076	12,511
Realized gain	25,207	19,992
Unrealized gain (loss)	30,500	(130,368)
Ending balance	<u>\$ 703,376</u>	<u>\$ 642,381</u>

Return on investments for the years ended December 31, 2023 and 2022, is comprised of the following:

	2023	2022
Dividends and interest	\$ 13,076	\$ 12,511
Realized gain	25,207	19,992
Unrealized gain (loss)	30,500	(130,368)
	<u>\$ 68,783</u>	<u>\$ (97,865)</u>

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

The Association evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to the total investments. For the years ended December 31, 2023 and 2022, there were no transfers in or out of Levels 1, 2 or 3.

6. Property and Equipment

The major classes of property and equipment are comprised of the following:

	Useful Lives	2023	2022
Office equipment	5 yrs	\$ 16,001	\$ 16,001
Automobiles	5 yrs	537,687	391,199
		<u>553,688</u>	<u>407,200</u>
Less: accumulated depreciation		<u>(392,089)</u>	<u>(361,545)</u>
		<u>\$ 161,599</u>	<u>\$ 45,655</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$30,544 and \$12,515, respectively.

7. Employee Benefit Plan

The Association maintains a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code that allows employees to defer a portion of their salaries through payroll deductions up to the maximum amount allowed by the Internal Revenue Code. The plan covers all eligible employees who have attained 21 years of age and 1,000 hours of service. There were no employer contributions for the years ended December 31, 2023 and 2022.

8. National Association Dues

The Association pays dues to Mental Health America, Inc., which is a national mental health organization. Expenses recorded for dues to Mental Health America, Inc. were \$6,500 for both the years ended December 31, 2023 and 2022.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

	2023	2022
Union County Intensive Family Services Program	\$ 1,189,663	\$ 1,226,988
HCE MHFA Materials	8,391	9,648
Greater Newark Holiday Fund		9,477
Capital assets - automobile purchase	15,620	15,620
Purple Swans Youth Program	27,640	11,684
	<u>\$ 1,241,314</u>	<u>\$ 1,273,417</u>

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Net assets released from donor restrictions by incurring expenses satisfying the specified restrictions placed by donors amounted to \$48,059 and \$23,375 for the years ended December 31, 2023 and 2022, respectively.

10. Leases

The Association was obligated under various operating leases for office space and equipment rental which expire through 2029. Lease expense is recognized on a straight-line basis over the lease term.

Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Because the Association is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments used to determine the lease liabilities. The Association's leases do not include termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants. The operating leases provide for increases in future minimum annual rental payments.

The total lease costs under FASB, ASC 842 for the years ended December 31, 2023 and 2022 amounted to \$400,325 and \$424,707, respectively.

The future minimum lease liabilities under these noncancellable operating leases as of December 31, 2023 are as follows:

Year Ending December 31,	
2024	\$ 408,495
2025	354,190
2026	323,576
2027	74,198
2028	76,424
Thereafter	19,247
Total undiscounted cash flows	1,256,130
Less: present value discount	(30,937)
Total lease liabilities	<u>\$ 1,225,193</u>

Other information related to the Association's operating leases as of December 31, 2023 and 2022 was as follows:

	2023	2022
Operating cash flows from operating leases	\$ 394,659	\$ 400,823
ROU assets obtained in exchange for new operating lease liabilities	\$ 345,555	\$ 1,641,577
Weighted-average remaining lease term in years for operating leases	3.41	3.53
Weighted-average discount rate for operating leases	1.40%	1.33%

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

The Association also leases certain program facilities on a month-to-month basis. Rent expense for these facilities amounted to \$10,936 and \$14,243 for the years ended December 31, 2023 and 2022, respectively.

11. Board-designated Endowment

As of December 31, 2023 and 2022, the Board of Trustees had designated \$703,376 and \$642,381, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Association. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

12. Line of Credit

The Association has a revolving line of credit agreement with a financial institution. The line of credit allows for borrowings up to \$300,000 and interest accrues at the Wall Street Journal Prime Rate plus 0.5% (8.5% at December 31, 2023), with a minimum interest rate of 3.75% at December 31, 2023. The credit line is secured by certain assets owned by the Association and is renewable at the discretion of the lending institution. As of December 31, 2023 and 2022, there was no amount outstanding on the line of credit.

13. Paycheck Protection Program

In August 2020, the Association received \$711,820 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Association must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Association has accounted for the PPP funding as a conditional contribution in the financial statements by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized only when conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. In 2022, the Association received forgiveness in the amount of \$198,218, resulting in recognition of revenue during the year ended December 31, 2022.

The SBA reserves the right to audit PPP funding forgiveness for ten years from the date that forgiveness was awarded.

As conditions for full forgiveness had not been achieved, the Association began to repay the loan in accordance with the terms of the loan agreement. The loan requires monthly principal and interest installments of \$14,372 at an interest rate of 1%. The note matures in August 2025.

Maturities of the note payable due in each of the years subsequent to December 31, 2023 are as follows:

Mental Health Association in New Jersey, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Year Ending December 31,	
2024	\$ 170,390
2025	114,548
	<u>\$ 284,938</u>

14. Concentration of Revenue Sources

Approximately 82% and 78% of the total funding for the Association was derived from government grants during the years ended December 31, 2023 and 2022, respectively.

For each respective year, the majority of these amounts were derived from grants from the Federal Government passed through the State of New Jersey Department of Human Services and State funds which are renewable annually. The current level of the Association's operations and program services may be impacted if the funding is not renewed.

15. Grant Programs

The Association participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors and their representatives. The Association is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the Association is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Mental Health Association in New Jersey, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing #	Pass-Through Entity ID #	Grant/Project Number	Grant Period	Award Amount	Cumulative Program Disbursements	Current Year		
							Program Disbursements	Cash Received	Provided to Subrecipients
U.S. Department of Health and Human Services									
Passed through:									
N.J. Department of Human Services									
Division of Mental Health and Addiction Services:									
National Bioterrorism Hospital Preparedness Program	93.889	N/A	60165	7/1/22-6/30/23	\$ 100,000	\$ 100,000	\$ 51,812	\$ 81,606	\$ -
National Bioterrorism Hospital Preparedness Program	93.889	N/A	60165	7/1/23-6/30/24	100,000	57,653	57,653	57,653	-
					200,000	157,653	109,465	139,259	-
CDC NJ Covid (Hope for Health)	93.391	N/A	68006	3/1/22-5/31/23	365,660	247,521	164,161	247,521	-
Total U.S. Department of Health and Human Services					565,660	405,174	273,626	386,780	-
U.S. Department of Treasury									
Passed through:									
N.J. Department of Human Services:									
Ocean County Department of Human Services:									
Ocean County American Rescue Plan Act									
Coronavirus State and Local Fiscal Recovery Funds									
Opioid Affected Individuals Programming	21.027	N/A	CC2023-114	10/1/23-12/31/24	500,000	53,993	53,993	53,993	
Homelessness and Housing Insecurity Services	21.027	N/A	CC2022-158	1/1/23-12/31/23	263,836	181,157	181,157	181,157	
Benefits Navigator	21.027	N/A	CC2023-71	5/1/23-12/31/23	450,000	330,627	330,627	330,627	
Care Management for the Aging and Disability Resource Center	21.027	N/A	CC2023-72	5/1/23-12/31/23	421,680	299,758	299,758	299,758	
Food Insecurity Services Program	21.027	N/A	CC2023-84	6/1/23-9/30/24	1,000,050	181,743	181,743	181,743	
Surviving the Storm	21.027	N/A	N/A	8/15/23-12/31/25	96,667	5,049	5,049	-	
Total U.S. Department of Treasury					2,732,233	1,052,327	1,052,327	1,047,278	-
Total Federal Awards					\$ 3,297,893	\$ 1,457,501	\$ 1,325,953	\$ 1,434,058	\$ -

See Independent Auditors' Report and Accompanying Notes to Schedules of Expenditures of Federal and State Awards

Mental Health Association in New Jersey, Inc.
Schedule of Expenditures of State Awards
Year Ended December 31, 2023

<u>State Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Cumulative</u> <u>Program</u> <u>Disbursements</u>	<u>Current Year</u>	
					<u>Program</u> <u>Disbursements</u>	<u>Cash</u> <u>Received</u>
N.J. Department of Human Services:						
Direct Support:						
Division of Mental Health and Addiction Services						
Community Care Program:						
Employment Resource Institute Program	50003	1/1/23-12/31/23	\$ 419,744	\$ 419,524	\$ 419,524	\$ 419,524
Community Advocates Program	50003	1/1/23-12/31/23	808,001	806,670	806,670	806,670
Intensive Family Support Program	50003	1/1/23-12/31/23	665,389	665,407	665,407	665,407
Consumer Connection Program	50003	1/1/23-12/31/23	354,070	354,078	354,078	354,078
Disaster Help Line Program	50003	1/1/23-12/31/23	1,289,233	1,289,254	1,289,254	1,289,254
Self Help Clearinghouse	50003	1/1/23-12/31/23	123,971	126,032	126,032	126,032
Opioid Hotline	50003	1/1/23-12/31/23	439,461	437,630	437,630	437,630
Community Education Program	50003	1/1/23-12/31/23	335,611	335,618	335,618	335,618
Self Help Centers	50003	1/1/23-12/31/23	544,312	543,977	543,977	543,977
988 Lifeline	50003	5/1/22-4/29/24	501,894	501,894	501,894	547,818
Whole Health Learning Collaborative	50003	1/1/23-12/31/23	294,309	294,309	294,309	375,000
CDC NJ Covid (Hope for Health Call Line)	50003	3/1/22-5/31/23	98,118	97,106	97,106	12,029
Teen MHFA	50003	2/15/22-3/14/23	528,830	528,830	528,830	900,000
			<u>6,402,943</u>	<u>6,400,328</u>	<u>6,400,328</u>	<u>6,813,037</u>
N.J. Department of Labor:						
Direct Support:						
Work-First NJ Services	CC2022-129	10/1/22-9/30/23	229,650	178,020	178,020	241,280
			<u>229,650</u>	<u>178,020</u>	<u>178,020</u>	<u>241,280</u>
Total State Awards			<u>\$ 6,632,593</u>	<u>\$ 6,578,348</u>	<u>\$ 6,578,348</u>	<u>\$ 7,054,317</u>

Mental Health Association in New Jersey, Inc.
Notes to Schedules of Expenditures of Federal and State Awards
December 31, 2023

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards present the activity of all financial assistance programs of the Association. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the schedules of expenditures of federal and state awards. Because the schedules present only a selected portion of the operations of the Association, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Association.

2. Summary of Significant Accounting Principles

The accompanying schedules of expenditures of federal and state awards are presented using the accrual basis of accounting which is described in Note 2 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Association has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Sub-recipients

No federal or state awards were provided to sub-recipients.

5. Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal and state financial reports vary by federal and state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying schedules of expenditures of federal and state awards, which are prepared on the accrual basis explained in Note 2.

6. Single Audit – Type A/Type B Program Threshold

Dollar threshold used to distinguish between Type A and Type B programs is \$750,000. Single audit expenditure threshold requirement is \$750,000.

Independent Auditors' 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 Trustees of
Mental Health Association in New Jersey, Inc.
Springfield, NJ 07081

We have audited, 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, the financial statements of Mental Health Association in New Jersey, Inc., (the "Association") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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 statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Trustees of
Mental Health Association in New Jersey, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nisivoccia LLP

Mt. Arlington, New Jersey

July 2, 2024

Independent Auditors' Report on Compliance for Each Major Federal and State Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance
and New Jersey State Circular 15-08-OMB

To the Board of Trustees of
Mental Health Association in New Jersey, Inc.
Springfield, NJ 07081

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Mental Health Association in New Jersey, Inc.'s (the "Association") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and *New Jersey, State Grant Compliance Supplement* that could have a direct and material effect on each of the Association's major federal and state programs for the year ended December 31, 2023. The Association's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance, and the New Jersey State Circular 15-08-OMB are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program.

To the Board of Trustees of
Mental Health Association in New Jersey, Inc.

Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Association's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the New Jersey State Circular 15-08-OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the New Jersey State Circular 15-08-OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey State Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Trustees of
Mental Health Association in New Jersey, Inc.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey State Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.


Mt. Arlington, New Jersey
July 2, 2024

Mental Health Association in New Jersey, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

I. Summary of Auditor's Results

Financial statements

The auditors' report issued on the financial statements of Mental Health Association in New Jersey, Inc. was an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
 - Significant deficiencies identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None reported

The auditors' report issued on compliance for major federal and state programs was an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance and New Jersey State Circular 15-08-OMB _____ Yes X No

The following federal and state programs were designated as major programs:

<u>Federal Agency/Pass-through Pass-through Entity</u>	<u>Assistance Listing/ State Contract Number</u>	<u>Expenditures</u>
U.S. Department of Treasury		
Passed through:		
N.J. Department of Human Services:		
Ocean County Department of Human Services:		
Ocean County American Rescue Plan Act		
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 1,052,327
 <u>State Agency</u>		
New Jersey Department of Human Services:		
Division of Mental Health and Addiction Services:		
Community Care Program:	50003	\$ 6,400,328
Employment Resource Institute Program		
Community Advocates Program		
Intensive Family Support Program		
Consumer Connection Program		
Disaster Help Line Program		
Self Help Clearinghouse		
Opioid Hotline Program		
Community Education Program		
Self Help Centers Program		
988 Lifeline		
Whole Health Learning Collaborative		
CDC NJ Covid (Hope for Health Call Line)		
Teen MHFA		

Mental Health Association in New Jersey, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Dollar threshold used to distinguish between
Type A and Type B programs

\$ 750,000

Auditee qualified as a low-risk auditee?

X Yes _____ No

II. Financial Statement Findings

No matters were reported.

III. Federal and State Award Findings and Questioned Costs

No matters were reported.

Mental Health Association in New Jersey, Inc.
Schedule of Prior Audit Findings
Year Ended December 31, 2023

Status of Prior Year Findings:

There were no audit findings in the prior year.