The Mental Health Association of New York City, Inc.
(d/b/a Vibrant Emotional Health)

Financial Statements
Year Ended June 30, 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

The Mental Health Association of New York City, Inc.
(d/b/a Vibrant Emotional Health)

Financial Statements
Year Ended June 30, 2024

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Independent Auditor's Report

The Board of Directors
The Mental Health Association of New York City, Inc.
(d/b/a Vibrant Emotional Health)
New York, New York

Opinion

We have audited the financial statements of The Mental Health Association of New York City, Inc. (d/b/a Vibrant Emotional Health) (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities, in accordance with the 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 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 GAAP, 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.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Organization'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 Organization'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.

Report on Summarized Comparative Information

We have previously audited The Mental Health Association of New York City, Inc. (d/b/a Vibrant Emotional Health) 2023 financial statements, and our report dated November 29, 2023 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, P.C.

November 25, 2024

The Mental Health Association of New York City, Inc.
(d/b/a Vibrant Emotional Health)

Statement of Financial Position
(with comparative totals for 2023)

June 30,	**2024**	2023
Assets		
Current Assets		
Cash and cash equivalents	**$ 18,282,611**	$ 32,903,235
Investments, at fair value	**44,648,966**	41,389,542
Contract receivables, net of current expected credit losses	**1,571,428**	1,912,138
Grants and contract service receivables, net	**52,994,603**	77,028,070
Other receivables	**4,359,687**	4,240,696
Prepaid expenses and other assets	**1,940,044**	379,881
Total Current Assets	**123,797,339**	157,853,562
Security Deposits	**115,347**	101,624
Fixed Assets, Net	**2,097,122**	1,001,571
Right-of-Use Assets - Operating Leases	**30,961,893**	30,358,995
Total Assets	**$ 156,971,701**	$ 189,315,752
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 334,222**	$ 11,360,622
Due to sub-award recipients	**37,701,836**	49,724,640
Accrued salaries and related benefits	**9,768,560**	6,310,646
Refundable contract advances	**12,371,105**	8,301,873
Operating lease liabilities, current portion	**393,244**	753,407
Total Current Liabilities	**60,568,967**	76,451,188
Operating Lease Liabilities, net of current portion	**32,948,556**	31,025,638
Total Liabilities	**93,517,523**	107,476,826
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**63,454,178**	81,838,926
Total Liabilities and Net Assets	**$ 156,971,701**	$ 189,315,752

See accompanying notes to financial statements.

The Mental Health Association of New York City, Inc.
(d/b/a Vibrant Emotional Health)

Statement of Activities
(with comparative totals for 2023)

Year ended June 30,	**2024**	2023
Operating Revenues		
Federal grants	**$ 264,634,553**	$ 266,234,571
New York City grants	**45,331,014**	45,702,892
New York State grants	**1,672,876**	1,507,488
Contract revenue	**4,347,038**	4,203,279
Foundation and corporate contributions	**685,562**	5,678,932
Individual contributions and bequests	**2,236,372**	7,797,383
Other program revenue	**331,522**	305,318
Medicaid service revenue	**1,298,291**	1,232,846
Funding source adjustment for prior years	**1,193,483**	(1,311,733)
Total Operating Revenues	**321,730,711**	331,350,976
Operating Expenses		
Program services:		
H2H Contact Center	**38,538,066**	36,855,890
988 Lifeline and Disaster Services	**263,504,731**	254,143,636
Public education and advocacy	**1,998,901**	2,498,015
Child and family services	**9,228,343**	8,938,691
Adult rehabilitation services	**1,332,474**	1,418,158
Total Program Services	**314,602,515**	303,854,390
Supporting services:		
Management and general – agency administration	**29,299,284**	20,035,704
Fundraising	**350,386**	711,740
Total Operating Expenses	**344,252,185**	324,601,834
Change in Net Assets, before non-operating revenue	**(22,521,474)**	6,749,142
Non-Operating Revenue		
Investment income, net	**1,834,610**	1,496,588
Interest income	**2,302,116**	591,867
Total Non-Operating Revenue	**4,136,726**	2,088,455
Change in Net Assets	**(18,384,748)**	8,837,597
Net Assets Without Donor Restrictions, beginning of year	**81,838,926**	73,001,329
Net Assets Without Donor Restrictions, end of year	**$ 63,454,178**	$ 81,838,926

See accompanying notes to financial statements.

The Mental Health Association of New York City, Inc.
(d/b/a Vibrant Emotional Health)

Statement of Functional Expenses
(with comparative totals for 2023)

Year ended June 30,

	Program Services						Supporting Services		Total	
	H2H Contact Center	988 Lifeline and Disaster Services	Public Education and Advocacy	Child and Family Services	Adult Rehabilitation Services	Total Program Services	Management and General - Agency Administration	Fundraising	**2024**	2023
Salaries and Fringe Benefits										
Salaries and wages	$ 27,387,594	$ 20,815,086	$ 1,328,604	$ 5,811,331	$ 657,144	$ 55,999,759	$ 14,502,558	$ -	**$ 70,502,317**	$ 52,245,414
Payroll taxes and employee benefits	7,665,515	5,834,892	372,122	1,627,955	183,847	15,684,331	4,634,708	-	**20,319,039**	14,447,970
Total Salaries and Fringe Benefits	35,053,109	26,649,978	1,700,726	7,439,286	840,991	71,684,090	19,137,266	-	**90,821,356**	66,693,384
Other Expenses										
Contracted and subcontracted services	1,867,020	46,763,522	72,941	105,165	292,368	49,101,016	4,916,074	260,606	**54,277,696**	37,488,147
Professional fees	32,842	461,253	39,109	276	-	533,480	1,199,985	6	**1,733,471**	1,625,110
Subaward expenses	20,616	158,908,279	-	365,556	-	159,294,451	-	-	**159,294,451**	199,030,582
Supplies and program activities	42,249	32,567	40,111	134,475	3,586	252,988	47,600	1,052	**301,640**	397,473
Client stipends and related expenses	-	1,179,176	6,497	17,861	-	1,203,534	1,760	-	**1,205,294**	126,808
Occupancy	722,995	574,855	8,867	575,786	40,840	1,923,343	339,932	4,112	**2,267,387**	3,089,518
Equipment rental and minor equipment purchases	5,643	7,078	127	28,702	1,058	42,608	11,593	58	**54,259**	42,197
Information technology	414,581	7,257,144	5,291	84,398	17,591	7,779,005	959,226	13,300	**8,751,531**	7,102,649
Insurance	-	-	-	-	-	-	299,548	-	**299,548**	266,055
Repairs and maintenance	77,563	14,072	91	41,968	2,250	135,944	37,149	30	**173,123**	69,141
Dues and subscriptions	9,776	203,982	2,799	311	9	216,877	534,337	38,484	**789,698**	100,756
Printing and postage	18,463	21,304	764	3,066	1,083	44,680	33,856	81	**78,617**	69,097
Telephone and communications	202,096	4,569,985	8,781	128,785	21,218	4,930,865	91,842	54	**5,022,761**	3,152,245
Travel, conferences, and meetings	35,054	1,120,382	69,686	114,430	103,659	1,443,211	423,281	13,937	**1,880,429**	872,533
Advertising and promotion	-	15,593,045	3,987	32,565	-	15,629,597	207,803	15,870	**15,853,270**	3,231,450
Staff training and recruitment	36,059	142,232	19,293	31,880	1,720	231,184	525,722	2,796	**759,702**	863,058
Credit loss expense	-	-	-	-	-	-	33,032	-	**33,032**	-
Other expenses	-	5,877	19,831	123,833	6,101	155,642	153,151	-	**308,793**	250,250
Total Other Expenses, before depreciation and amortization	3,484,957	236,854,753	298,175	1,789,057	491,483	242,918,425	9,815,891	350,386	**253,084,702**	257,777,069
Depreciation and Amortization	-	-	-	-	-	-	346,127	-	**346,127**	131,381
Total Expenses	$ 38,538,066	$ 263,504,731	$ 1,998,901	$ 9,228,343	$ 1,332,474	$ 314,602,515	$ 29,299,284	$ 350,386	**$ 344,252,185**	$ 324,601,834

See accompanying notes to financial statements.

The Mental Health Association of New York City, Inc.
(d/b/a Vibrant Emotional Health)

Statement of Cash Flows
(with comparative totals for 2023)

Year ended June 30,	**2024**	2023
Cash Flows from Operating Activities		
Change in net assets	**$ (18,384,748)**	$ 8,837,597
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Non-cash operating lease right-of-use asset expense	**(602,898)**	930,520
Depreciation and amortization	**346,127**	131,381
Net realized and unrealized gain on investments	**(1,727,507)**	(1,031,358)
Allowance for credit losses	**33,032**	-
Decrease (increase) in assets:		
Grants and contract service receivables	**24,033,467**	(62,339,746)
Prepaid expenses	**(1,560,163)**	5,930,775
Security deposits	**(13,723)**	-
Contract receivables	**307,678**	405,545
Other receivables	**(118,991)**	(1,299,729)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**(11,026,400)**	5,648,666
Due to sub-award recipients	**(12,022,804)**	49,724,640
Accrued salary and related benefits	**3,457,914**	(624,452)
Refundable contract advances	**4,069,232**	1,758,157
Principal increase in operating lease liabilities	**1,562,755**	489,530
Net Cash (Used in) Provided by Operating Activities	**(11,647,029)**	8,561,526
Cash Flows from Investing Activities		
Purchase of investments	**(1,611,756)**	(40,358,184)
Proceeds from sales of investments	**79,839**	-
Purchase of fixed assets	**(1,441,678)**	(1,001,571)
Net Cash Used in Investing Activities	**(2,973,595)**	(41,359,755)
Cash Flows from Financing Activities		
Repayment of Paycheck Protection Program loan	**-**	(1,106,920)
Net Cash Used in Financing Activities	**-**	(1,106,920)
Net Decrease in Cash and Cash Equivalents	**(14,620,624)**	(33,905,149)
Cash and Cash Equivalents, beginning of year	**32,903,235**	66,808,384
Cash and Cash Equivalents, end of year	**$ 18,282,611**	$ 32,903,235
Supplemental Disclosures of Cash Flow Information		
Right-of-use assets acquired through operating leases	**$ 535,985**	$ 30,358,995

See accompanying notes to financial statements.

1. Nature of Organization

On June 13, 2018, The Mental Health Association of New York City, Inc. was rebranded and is now doing business as Vibrant Emotional Health. The legal entity name remains The Mental Health Association of New York City, Inc.

The Mental Health Association of New York City, Inc. (d/b/a Vibrant Emotional Health) (the Organization) is a not-for-profit organization that works with people to help them achieve mental and emotional well-being. The Organization delivers groundbreaking solutions offering high-quality services and support—when, where, and how people need it. Through innovative programs, the Organization provides mental health crisis services and expands access to care. In July 2022, the Organization became the national administrator for the nationwide national suicide hotline program, 988, funded through the Substance Abuse and Mental Health Services Administration (SAMHSA). The Organization provides call center services through its crisis call lines serving all New Yorkers. The Organization's education and advocacy work shifts policy and public opinion so that emotional well-being becomes a social responsibility and is treated with the importance it deserves.

The Organization is exempt from federal income taxes under Section 501(a), as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and has been classified as a public charitable organization under Section 509(a) of the Code. Contributions to the Organization are tax deductible within the limitations prescribed by the Code. The Organization is also exempt from New York state and local taxes under similar statutes.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared under the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to not-for-profit organizations.

In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—without donor restrictions and with donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions – This class consists of net assets from resources that are not subject to donor restrictions and are, therefore, available for operating purposes.

Net Assets with Donor Restrictions – This class consists of net assets that are subject to donor-imposed stipulations that will be met by either the actions of the Organization or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. There were no net assets with donor restrictions at June 30, 2024.

Comparative Financial Information

The financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include enough detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Contract Receivables, Net of Current Expected Credit Losses

The Organizations’ contract receivables are recorded at the reimbursable or contracted amount and do not bear interest. Billings for services are included in revenue and relate to established rate agreements with a duration of less than one year. Adjustments to the estimated payment amounts that are expected to be received upon final settlement with the payors are reviewed at the end of each reporting period, and upon final settlement are recorded as an adjustment to revenue.

Contract receivable balances are further reduced by an allowance for current expected credit losses. The Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses*, model in their financial statements for the year ended June 30, 2024.

The Organization review their contract receivables on a regular basis and analyze these balances for potential credit losses based on a “roll-rate” methodology. Under a “roll-rate” methodology, loss rates for each aging bucket take into account the migration of each balance through the various aging buckets to determine the appropriate credit loss rate for each bucket. The Organization consider other available external data and management’s reasonable outlook for business and economic conditions over the life of the receivables. In accordance with ASC 326-20-30-2, the Organization determined that similar risk characteristics existed for receivables with similar days outstanding, regardless of payor class; therefore, the pools for the allowance for credit losses were calculated based on aging buckets. This is consistent with the Organization’s previous methodology for calculating their allowance.

Management anticipates that historic loss rates will be consistent during the next fiscal year and concluded that no adjustments to its methodology or inputs are required. Management applies these forecasts to create the following credit loss matrix to calculate the allowance for credit losses:

June 30, 2024	
Allowance for Credit Losses Balance, July 1, 2023	$ -
Provision for expected credit losses for the current period	33,032
Allowance for Credit Losses Balance, June 20, 2024	$ 33,032

There were no recoveries on prior years credit losses for the year ended June 30, 2024. Recoveries when received are recorded as a reduction in the credit loss expense.

Grants and Contract Services Receivables, Net

Grants and contract services are recorded at the reimbursable or contracted amount and do not bear interest. Periodically, the receivables are reviewed and evaluated as to their collectability. Receivables are written off if reasonable collection efforts prove unsuccessful. A receivable balance is considered past due once it has not been received by its scheduled due date. If necessary, an allowance for doubtful accounts is recorded based on these evaluations. The Organization provides an allowance for doubtful accounts for accounts receivable, which is the Organization's best estimate of the amount of probable losses in the Organization's existing accounts receivable; this estimate is based on management's assessments of the creditworthiness of its funding sources and the aged basis of its receivables, as well as current economic conditions and historical information. The balance of the allowance for doubtful accounts at June 30, 2024 was $164,294.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Fixed Assets, Net

Fixed assets with a unit cost in excess of $5,000 are recorded at cost and depreciated over the estimated useful lives of the respective assets, ranging from five to 15 years, using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

Impairment of Long-Lived Assets

In accordance with GAAP, the Organization reviews long-lived assets for impairment when circumstances indicate that the carrying amount of an asset may not be recoverable based on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the undiscounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. There were no impairment losses recognized for the year ended June 30, 2024.

Revenue Recognition

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, on July 1, 2020. The Organization recognizes revenue when control of the promised services is transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

As a practical expedient, the Organization utilizes the portfolio approach for analyzing revenue contracts, in accordance with ASC 606. The Organization accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Organization considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Organization believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Revenue with customers is comprised of the following:

June 30, 2024		
Federal grants	$	3,307,565
Contract revenue		4,347,038
Medicaid service revenue		1,298,291
Other program revenue		331,522
Total Revenue Subject to ASC 606		9,284,416
Total Revenue Not Subject to ASC 606*		316,583,021
Total Revenue and Other Support	$	325,867,437

* Other operating revenues not subject to ASC 606 include government contracts and grants (non-reciprocal transactions), contributions and bequests, investment income, and interest income.

Receivables from contracts with customers are as follows:

June 30, 2024		
Beginning of year	$	1,912,138
End of year		1,571,428

Medicaid Service Revenue

Medicaid service revenues are considered fee-for-service revenues and are generated from services to individuals for health and other services. Fee-for-service revenue is recorded at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including government programs and health insurers), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations.

Generally, the Organization submits fee-for-service claims to third-party payors electronically through a state-wide system several days after the services are performed.

Laws and regulations governing Medicaid programs are subject to interpretation; as a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs.

Government and Non-Governmental Grants and Contracts

The Organization’s revenues from federal, state, and city grants are recognized as earned—that is, as related costs are incurred under such agreements, as services are rendered, or when applicable performance-based milestones are reached.

Grants and contract revenues are recognized as support without donor restrictions only to the extent of actual expenses incurred in compliance with grantor-imposed restrictions. Grants received in excess of expenses incurred are shown as contract liabilities in the financial statements.

Certain contracts are classified as fee-for-service or performance-based contracts, in which they are reimbursed based on units of service at pre-determined rates. Revenue is recognized under fee-for-service grants when the services are provided.

The Organization previously adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update also clarified and improved accounting guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether the Organization follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards.

The Organization classifies grants and contracts where each party receives commensurate value as exchange transactions subject to the requirements of ASC 606. The Organization classifies non-reciprocal transactions or transactions in which benefits are received by the general public as transactions subject to ASU 2018-08.

Contributions

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as with donor restrictions if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Donated services are recorded at their fair market value.

Conditional promises to give, including those received under multi-year grant agreements, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Organization is entitled to the assets transferred or promised; there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise. A transfer of assets from a donor that contains donor conditions is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor.

The Organization has grant agreements that consist of providing conditional funding in future years, which have been detailed in Note 13.

Contract Assets

Amounts related to services provided to customers that have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances typically consist of services provided to customers who are still receiving services at the end of the year.

Contract Liabilities

Contract liabilities consist of payments made by customers for goods and services not yet performed or delivered and are expected to be performed or delivered within the next fiscal year.

Refundable Contract Advances

Refundable contract advances relate to amounts received from funding sources that are subject to audit and final rate determination and settlement.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis and by natural classification in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the respective programs and activities based on the benefits received by the program, using methodologies developed by management.

Expenses that are attributable to one or more programs or supporting functions of the Organization are allocated on a reasonable basis that is consistently applied. These expenses include depreciation and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Operating Leases

Effective July 1, 2022, the Organization adopted FASB ASU 2016-02, *Leases (Topic 842)*. The core principle of ASU 2016-02 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use (ROU) asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The Organization’s ROU assets are included in operating lease ROU assets, net, and lease liabilities are included in operating lease liabilities in the Organization’s statement of financial position as of June 30, 2024. The Organization adopted ASU 2016-02 utilizing the modified retrospective approach, which allows for a cumulative effect of transition recognized at the beginning of the period of adoption. Rent expense is being recognized on a straight-line basis over the life of the leases. See Note 9 for further discussion.

Concentration of Credit Risks

Cash is maintained in financial institutions in amounts that, at times, may exceed federally insured limits. Management does not believe that there is a significant risk of loss due to the failure of any such institutions. The credit risk with respect to receivables is limited because the Organization deals with a large number of third-party funding sources, donors, and customers in a wide geographic area. The Organization has not experienced any such losses related to cash maintained at financial institutions.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Organization would use in pricing the Organization's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use, as determined by the money managers for each investment, based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuations are based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) 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 – Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investment Income

Income earned from investments, including realized and unrealized gains and losses, is recorded in the net asset class owning the assets. Income earned from investments restricted in perpetuity, including realized and unrealized gains and losses, is recorded as a net asset with donor restrictions and then released to net assets without donor restrictions through appropriations made in accordance with the Organization's spending policy.

Income Taxes

The Organization is exempt from income tax under the Code; however, the Organization is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded under the Code. Management believes such amounts to be de minimis and, as such, has made no provision in the financial statements.

Under GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service

Form 990 informational returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2024, there was no interest or penalties recorded or included in the statement of activities related to uncertain tax positions. The Organization is subject to routine audits by a taxing authority. As of June 30, 2024, the Organization was not subject to any examination by a taxing authority.

Recently Adopted Accounting Pronouncements

Financial Instruments - Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-03 is effective for annual periods beginning after December 15, 2022. On July 1, 2023, as required, the Organization adopted the guidance prospectively. The adoption of this ASU did not have a material impact on the financial statements.

3. Contract, Grants and Contract Service, and Other Receivables, Net

Grants and contract service and other receivables, net, consist of the following:

June 30, 2024	
SAMHSA	$ 36,693,017
New York City Department of Health and Mental Hygiene	10,070,178
U.S. Department of Veterans Affairs	282,885
Medicaid	1,321,575
New York City Administration for Children's Services	2,933,831
New York City Department of Youth and Community Development	296,641
New York State Office of Mental Health	2,723,168
New York State Office of Addiction Services and Supports	442,062
Other receivables	4,359,687
	59,123,044
Less: allowance for doubtful accounts	(164,294)
Less: allowance for credit losses	(33,032)
	$ 58,925,718

4. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2024		
Furniture and fixtures	$	2,443,249
Less: accumulated depreciation		(346,127)
Fixed Assets, Net	$	2,097,122

For the year ended June 30, 2024, depreciation and amortization expense totaled $346,127.

5. Refundable Contract Advances

The refundable contract advances in support of the Organization's programs consist of the following:

June 30, 2024		
New York City Agencies	$	2,748,525
New York State Agencies		8,254,580
Other		1,368,000
	$	12,371,105

6. Commitments and Contingencies

The Organization is involved in certain disputes arising from the normal course of its business. In the opinion of management and on the advice of legal counsel, the expected outcome of such disputes, in the aggregate, will not have a material effect on the Organization's financial position.

The Organization receives a portion of its revenue from contracts and grants that are subject to audit by the granting agencies. Reimbursements are subject to audit and retroactive adjustments by the respective third-party fiscal intermediary. The ultimate determination of amounts received under these contracts and grants is generally based upon allowable costs required to be reported to and audited by the grantor. Until such audits have been completed and final settlement reached, there exists a contingent possibility to refund any amounts received in excess of allowable costs. Management is of the opinion that no significant liability will result from audit adjustments, if any.

7. Employee Retirement Plan

The Organization established a defined contribution pension plan for its employees, effective July 1, 2004. The plan covers substantially all employees of the Organization with certain limitations for age, hours of service, and years of service. The Organization can make discretionary contributions to the plan, which are allocated to active participants on a quarterly basis based on compensation earned. The total contribution expense for 2024 was $1,847,816.

8. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

June 30, 2024	
Cash and cash equivalents	$ 18,282,611
Investments, at fair value	44,648,966
Contract receivables, net of current expected credit losses	1,571,428
Grants and contract service receivables, net	52,994,603
Other receivables	4,359,687
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 121,857,295

Liquidity Policy

The Organization's policy is to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

9. Leases

As of June 30, 2024, the Organization leases office space under noncancelable operating leases with the initial terms ranging from 2022 to 2039. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and the criteria included in ASC 842, *Leases*. The Organization's leases were deemed to be operating leases.

The lease initial terms are greater than one year; therefore, the Organization records the related ROU assets and lease liabilities at the present value of the remaining lease payments to be paid over the life of the related leases. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Organization is reasonably certain to exercise the option to extend the lease. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Organization has elected to use the risk-free rate at the date of adoption. The Organization has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, the Organization accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and lease liabilities. The Organization has made an accounting policy election not to record leases with an initial term of less than one year as ROU assets and lease liabilities in the statement of financial position. The Organization has elected the package of practical expedients that includes not reassessing whether any expired or existing contracts contain leases, not reassessing the lease classification for any expired or existing leases, and an entity not reassessing initial direct costs for any leases.

The following tables summarize information related to the lease assets and liabilities:

Year ended June 30, 2024		
Lease costs:		
Operating lease cost	$	2,580,902

June 30, 2024		
ROU assets and liabilities:		
Operating lease ROU assets, net	$	30,961,893
Operating lease liabilities		33,341,800

Year ended June 30, 2024		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	1,562,755
Weighted-average remaining lease term – operating leases (years)		14.20
Weighted-average discount rate – operating leases (%)		4.54

For operating leases, ROU assets are recorded in operating lease ROU assets and lease liabilities are recorded in operating lease liabilities in the accompanying statement of financial position.

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying statement of financial position at June 30, 2024:

Year ending June 30,		
2025	$	1,910,275
2026		3,086,436
2027		3,088,236
2028		3,096,918
2029		2,980,310
Thereafter		32,862,427
		47,024,602
Less: interest		(13,682,802)
Less: current portion		(393,244)
Total	$	32,948,556

10. Investments, at Fair Value

The following table presents the financial instruments by caption on the statement of financial position, within the ASC 820 valuation hierarchy defined in Note 2 above:

June 30, 2024

	Level 1	Level 2	Level 3	Total
Equity securities	$ 15,080,808	$ -	$ -	$ 15,080,808
Fixed income - bonds	29,568,158	-	-	29,568,158
Total Investments, at fair value	$ 44,648,966	$ -	$ -	$ 44,648,966

The Organization's holdings in equity securities, fixed-income bonds, and publicly traded mutual funds consist principally of debt and equity securities carried at their aggregate market value, which is determined by quoted market prices. Each of the above investments can be liquidated daily.

The Organization invests in various investment securities that are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

11. Risk and Uncertainties

Investments Risk

In the normal course of business, the Organization enters into transactions in various financial instruments with off-balance-sheet risk. Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. Liquidity risk represents the possibility that the Organization may not be able to rapidly adjust the size of its positions in times of high volatility and financial stress at a reasonable price. The Organization is subject to credit risk if the investment managers are unable to repay balances due or deliver securities in their custody. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in fair value of these investments, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the financial statements.

12. Due to Sub-Awards Recipients

The Organization accepts applications from subrecipients in relation to certain federal awards. Once accepted, the sub-awards recipients may submit claims to the Organization for reimbursement for appropriate expenses incurred in accordance with grant requirements.

The balance due to sub-award recipients for unpaid claims submitted as of June 30, 2024 was $37,701,836. The related subawards expense related to claims submitted from sub-award recipients during fiscal year 2024 was $159,294,451.

13. Grant Reimbursements Commitments and Future Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2024 have been recorded as receivables. Awards with balances as of June 30, 2024 have a budget modification for funds. Following are the grant commitments that extend beyond June 30, 2024:

Grant	Contract Term	Grant Amount	Earned Through 2024	Funding Available
Bronx Family and Youth Peer Support	7/1/2021 - 6/30/2030	$ 13,569,818	$ 1,118,236	$ 12,451,582
Queens Family and Youth Peer Support	7/1/2021 - 6/30/2030	11,713,399	930,296	10,783,103
Staten Island Family and Youth Peer Support	7/1/2022 - 6/30/2031	4,500,000	345,571	4,154,429
Youth Employment Services	7/1/2022 - 6/30/2031	4,500,000	536,732	3,963,268
Residential Treatment Facility	7/1/2023 - 6/30/2024	444,276	444,276	-
Adolescent Career Development Center	7/1/2023 - 6/30/2024	147,782	147,782	-
Family Support	7/1/2023 - 6/30/2026	5,756,320	1,535,019	4,221,301
Family Treatment Rehab	7/1/2023 - 6/30/2026	10,980,658	2,928,175	8,052,483
Adolescent Skills Center – Bronx &	7/1/2022 - 6/30/2031	13,816,204	1,276,265	12,539,939
GAT 23345	71/1/2023 - 6/30/2024	148,549	148,549	-
Crisis Emotional Care Team - CDP	9/1/2023 - 6/30/2024	300,000	300,000	-
Crisis Emotional Care Team - Elevance	9/1/2023 - 8/31/2024	225,000	165,436	59,564
New York Community Trust	4/1/2023 - 3/31/2025	225,000	111,512	113,488
Chat and Texts	4/1/2023 - 9/30/2023	1,666,066	561,315	1,104,751
Chat and Texts	10/1/2023 - 9/30/2024	2,798,852	1,684,616	1,114,236
NYC Well	7/1/2021 - 6/30/2024	105,550,382	105,550,382	-
Office of Addiction Services and Support	11/1/2023 - 10/31/2024	2,148,960	2,148,960	-
Fellowship Initiative	11/15/2023 - 11/14/2026	4,101,000	1,368,000	2,733,000
VCL	5/1/2024 - 10/30/2029	29,334,519	4,431,543	24,902,976
Office of Consumer Affairs	7/1/2022 - 6/30/2031	20,732,333	804,027	19,928,306
DOHMH Coordinated Children Services	7/1/2020 - 6/30/2029	3,402,409	227,713	3,174,696
Youth Mental Health	12/1/2023 - 6/30/2026	901,464	300,488	600,976
Case Management Services	12/1/2023 - 6/30/2026	601,497	200,499	400,998
Substance Abuse and Mental Health Services Administration (SAMHSA)	10/1/2023 - 9/30/2024	850,000	850,000	-
SAMHSA	10/1/2023 - 9/30/2024	40,025,608	40,025,608	-
SAMHSA	4/1/2023 - 9/30/2024	137,674,392	132,298,143	5,376,249
SAMHSA - Presidents Award	12/1/2022 - 12/31/2024	79,874,598	47,904,900	31,969,698
SAMHSA - Safer Community	12/1/2022 - 12/31/2024	47,000,000	26,500,673	20,499,327
SAMHSA - NSPH- Covid Supplement	10/1/2021 - 9/30/2024	32,000,000	19,968,220	12,031,780
		$ 574,989,086	$ 394,812,936	$ 180,176,150

14. Subsequent Events

The Organization evaluated its financial statements for subsequent events through November 25, 2024, the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.