

**THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH**

FINANCIAL STATEMENTS

JUNE 30, 2025

(WITH SUMMARIZED COMPARATIVE TOTALS AT JUNE 30, 2024)

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH

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INDEPENDENT AUDITORS' REPORT

To 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 accompanying 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, 2025, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 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.

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.

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 generally accepted auditing standards 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 generally accepted auditing standards, 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

The financial statements of the Organization as of June 30, 2024 were audited by other auditors whose report dated November 25, 2024 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
November 25, 2025

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AT JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 16,524,338	\$ 18,282,611
Investments	41,167,885	44,648,966
Program and other receivables, net of allowance for credit losses of \$20,295 in 2025 and \$33,032 in 2024	1,147,738	5,931,115
Government grants receivable, net of allowance for doubtful accounts of \$58,586 in 2025 and \$164,294 in 2024	78,200,577	52,994,603
Prepaid expenses and other assets	<u>3,334,728</u>	<u>1,940,044</u>
Total Current Assets	<u>140,375,266</u>	<u>123,797,339</u>
FIXED ASSETS, NET	<u>1,608,472</u>	<u>2,097,122</u>
OTHER ASSETS:		
Security deposits	357,097	115,347
Operating lease right-of-use assets	<u>29,486,222</u>	<u>30,961,893</u>
Total Other Assets	<u>29,843,319</u>	<u>31,077,240</u>
TOTAL ASSETS	<u>\$ 171,827,057</u>	<u>\$ 156,971,701</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 5,713,296	\$ 334,222
Due to sub-award recipients	36,207,641	39,517,594
Accrued salaries and related benefits	7,754,983	7,952,802
Due to government agencies	9,102,235	-
Refundable advances	27,141,546	12,371,105
Operating lease liabilities, current portion	<u>1,658,754</u>	<u>1,716,313</u>
Total Current Liabilities	87,578,455	61,892,036
NONCURRENT LIABILITIES:		
Operating lease liabilities, net of current portion	<u>31,488,283</u>	<u>31,625,487</u>
Total Liabilities	119,066,738	93,517,523
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	<u>52,760,319</u>	<u>63,454,178</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 171,827,057</u>	<u>\$ 156,971,701</u>

The accompanying notes are an integral part of these financial statements.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
OPERATING REVENUE AND OTHER SUPPORT:		
Government grants	\$ 336,087,480	\$ 311,638,443
Program service fees	5,562,569	5,976,850
Contributions and bequests	2,382,883	2,921,933
Funding source adjustment for prior years	<u>-</u>	<u>1,193,484</u>
 Total Operating Revenue and Other Support	 <u>344,032,932</u>	 <u>321,730,710</u>
OPERATING EXPENSES:		
Program services:		
H2H Contact Center	40,116,161	38,538,066
988 Lifeline and Disaster Services	262,579,932	263,504,731
Learning and development	425,117	1,998,901
Community program	12,212,615	9,228,343
Adult rehabilitation services	<u>-</u>	<u>1,332,474</u>
 Total Program Services	 315,333,825	 314,602,515
Supporting services:		
Management and general	42,282,943	29,299,284
Fundraising	<u>1,337,525</u>	<u>350,386</u>
 Total Operating Expenses	 <u>358,954,293</u>	 <u>344,252,185</u>
CHANGE IN NET ASSETS FROM OPERATIONS	 (14,921,361)	 (22,521,475)
NONOPERATING ACTIVITIES:		
Interest income	2,219,354	2,302,116
Investment income, net	<u>2,008,148</u>	<u>1,834,611</u>
CHANGE IN NET ASSETS	 (10,693,859)	 (18,384,748)
NET ASSETS, BEGINNING OF YEAR	 <u>63,454,178</u>	 <u>81,838,926</u>
NET ASSETS, END OF YEAR	 <u>\$ 52,760,319</u>	 <u>\$ 63,454,178</u>

The accompanying notes are an integral part of these financial statements.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
 D/B/A VIBRANT EMOTIONAL HEALTH
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2025
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	2025							2024		
	Program Services				Supporting Services				Total	Total
	H2H Contact Center	988 Lifeline and Disaster Services	Learning and Development	Community Program	Total	Management and General	Fundraising	Total		
Salaries	\$ 29,026,495	\$ 25,671,003	\$ 241,736	\$ 7,689,731	\$ 62,628,965	\$ 14,670,189	\$ 817,592	\$ 15,487,781	\$ 78,116,746	\$ 70,499,437
Payroll taxes and employee benefits	8,067,058	7,112,707	66,961	2,133,777	17,380,503	2,527,623	225,013	2,752,636	20,133,139	20,319,050
Total Personnel Services	37,093,553	32,783,710	308,697	9,823,508	80,009,468	17,197,812	1,042,605	18,240,417	98,249,885	90,818,487
Contracted and subcontracted services	49,950	91,225	-	651,633	792,808	8,251,521	12,260	8,263,781	9,056,589	52,043,025
Professional fees	1,594,447	28,235,110	37,591	133,679	30,000,827	8,319,485	255,171	8,574,656	38,575,483	4,700,231
Subaward expenses	-	189,707,221	-	-	189,707,221	36,124	-	36,124	189,743,345	158,634,939
Supplies and program activities	5,728	623,444	1,635	370,991	1,001,798	73,393	164	73,557	1,075,355	1,609,451
Occupancy	901,815	777,839	3,640	744,861	2,428,155	1,248,932	39	1,248,971	3,677,126	2,267,377
Information technology	238,989	569,977	365	84,217	893,548	488,391	2,708	491,099	1,384,647	8,751,530
Insurance	-	-	-	83	83	436,345	-	436,345	436,428	299,548
Repairs and maintenance	-	32	-	45,450	45,482	38,689	-	38,689	84,171	173,125
Dues and subscriptions	60,147	31,485	896	105	92,633	315,222	6,336	321,558	414,191	681,997
Printing and postage	19,956	18,614	643	5,202	44,415	26,915	4,253	31,168	75,583	78,622
Telephone and communications	123,052	4,432,296	7,169	164,490	4,727,007	157,071	367	157,438	4,884,445	5,022,883
Travel, conferences, and meetings	8,557	781,666	64,475	80,459	935,157	472,394	12,209	484,603	1,419,760	1,868,457
Advertising and promotion	338	4,496,189	-	60,764	4,557,291	125,625	1,407	127,032	4,684,323	15,853,268
Staff training and recruitment	18,214	30,262	-	15,055	63,531	412,548	-	412,548	476,079	759,705
Bad debt expense	-	-	-	-	-	2,518,586	-	2,518,586	2,518,586	71,487
Depreciation and amortization	-	-	-	-	-	488,650	-	488,650	488,650	346,127
Miscellaneous	1,415	862	6	32,118	34,401	1,675,240	6	1,675,246	1,709,647	271,926
TOTAL EXPENSES	\$ 40,116,161	\$ 262,579,932	\$ 425,117	\$ 12,212,615	\$ 315,333,825	\$ 42,282,943	\$ 1,337,525	\$ 43,620,468	\$ 358,954,293	\$ 344,252,185

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (10,693,859)	\$ (18,384,748)
Adjustments to reconcile change in net assets		
to net cash used in operating activities:		
Depreciation and amortization	488,650	346,127
Credit loss expense	-	33,032
Bad debt expense	2,518,586	38,455
Net realized and unrealized gain on investments	(768,526)	(1,727,507)
Noncash lease expense	1,475,671	(602,898)
Changes in assets:		
Program and other receivables, net	4,783,377	188,687
Government grants receivable, net	(27,724,560)	23,995,012
Prepaid expenses and other assets	(1,394,684)	(1,560,163)
Security deposits	(241,750)	(13,723)
Changes in liabilities:		
Accounts payable and accrued expenses	5,379,074	(11,026,400)
Due to sub-award recipients	(3,309,953)	(12,022,804)
Accrued salaries and related benefits	(197,819)	3,457,914
Due to government agencies	9,102,235	-
Refundable advances	14,770,441	4,069,232
Operating lease liabilities	<u>(194,763)</u>	<u>1,562,755</u>
Net Cash Used In Operating Activities	<u>(6,007,880)</u>	<u>(11,647,029)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(10,000,000)	(1,611,756)
Proceeds from sales of investments	14,249,607	79,839
Purchase of fixed assets	<u>-</u>	<u>(1,441,678)</u>
Net Cash Provided By (Used In) Investing Activities	<u>4,249,607</u>	<u>(2,973,595)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,758,273)	(14,620,624)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>18,282,611</u>	<u>32,903,235</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 16,524,338</u>	<u>\$ 18,282,611</u>
NONCASH FINANCING TRANSACTIONS:		
Right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ -</u>	<u>\$ 535,985</u>

The accompanying notes are an integral part of these financial statements.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - Nature and Purpose of Organization

The Mental Health Association of New York City, Inc. d/b/a Vibrant Emotional Health (the "Organization") is a not-for-profit organization that helps individuals achieve mental and emotional well-being. The Organization delivers innovative programs, services, and technology solutions that expand access to high-quality mental health care and support.

Since its inception in 2005, the Organization has served as the national administrator for the National Suicide Prevention Lifeline, which transitioned to the 988 Suicide & Crisis Lifeline in July 2022 under the direction of the Substance Abuse and Mental Health Services Administration ("SAMHSA"). Beyond crisis care, the Organization provides community-based services, operates specialized lifelines, and advances education and advocacy efforts so that emotional well-being is recognized as a vital part of overall health. The Organization's programs are funded by various federal, state and local governments and by public support.

As a not-for-profit organization, the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. A similar exemption is provided under New York State income tax law.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Summarized Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC"). All interest, dividends, and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a framework for measuring fair value is used which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted price for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable and can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 for assets measured at fair value in accordance with FASB ASC Topic 820.

Program and Other Receivables, net

The Organization carries its program and other receivables at the reimbursable or contracted amount less an allowance for credit losses in order to adjust the receivables to their estimated net realizable value. Billings for services are included in revenue and relate to established rate agreements with a duration of one year or less. Adjustments to the estimated payment amounts 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. The Organization does not accrue interest on past due receivables.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Program and Other Receivables, net (cont'd.)

The Organization determines whether an allowance for credit losses should be provided for program and other receivables. The Organization estimates the allowance based upon a review of outstanding receivables, historical collection information, current receivables aging and management's assessment of current and expected economic conditions. Receivables are written off against the allowance for credit losses accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables.

Program and other receivables and the allowance for credit losses at June 30, 2025 and July 1, 2024 were as follows:

	<u>June 30, 2025</u>	<u>July 1, 2024</u>
Program and other receivables, gross	\$ 1,168,033	\$ 5,964,147
Less: Allowance for credit losses	<u>20,295</u>	<u>33,032</u>
Program and other receivables, net	<u>\$ 1,147,738</u>	<u>\$ 5,931,115</u>

Government Grants Receivable, net

The Organization carries its government grants receivable at cost less an allowance for doubtful accounts in order to adjust the receivable to its estimated net realizable value. The Organization estimates the allowance based upon a review of outstanding receivables, historical collection information, current receivables aging and management's assessment of current economic conditions. Government grants receivable are written off against the allowance when they are determined to be uncollectible. The Organization does not accrue interest on past due receivables.

Government grants receivable and the allowance for doubtful accounts at June 30, 2025 and July 1, 2024 were as follows:

	<u>June 30, 2025</u>	<u>July 1, 2024</u>
Government grants receivable, gross	\$ 78,259,163	\$ 53,158,897
Less: Allowance for doubtful accounts	<u>58,586</u>	<u>164,294</u>
Government grants receivable, net	<u>\$ 78,200,577</u>	<u>\$ 52,994,603</u>

During the year ended June 30, 2025, the Organization wrote off \$2,518,586 of amounts deemed to be uncollectible.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fixed Assets

Fixed assets are stated at cost. The Organization capitalizes all purchases of fixed assets with a cost of greater than \$5,000. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives. Depreciation and amortization are computed utilizing the straight-line method over the estimated useful lives of the assets, which range from five to fifteen years.

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The amount of impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value. There was no such impairment loss recognized during the year ended June 30, 2025.

Contract Assets

Amounts related to services provided to customers which 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 classified as contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at June 30, 2025 and July 1, 2024.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for funds received in advance from customers related to services that have not yet been provided. These services are expected to be performed within the next fiscal year. There were no contract liabilities at June 30, 2025 and July 1, 2024.

Third-Party Reimbursement

The Organization receives substantially all its revenue for services provided to approved clients from Medicaid/Managed Medicaid and other third-party payors primarily based on the rates set forth by the New York State Office of Mental Health ("OMH"). These revenues are subject to audit and retroactive adjustment by the respective third-party intermediary.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Net Assets

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors. Net assets with donor restrictions include purpose restricted net assets whose use has been restricted by donors to a specific time period or purpose.

Leases

Under FASB ASC Topic 842, *Leases*, the Organization applies a two-model approach to all leases in which it is a lessee and classifies leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the Organization. Lease classification is evaluated at the inception of the lease agreement. Regardless of classification, the Organization records a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

In order to calculate lease liability, certain assumptions related to lease terms and discount rates are made. Renewal options are evaluated in the determination of lease terms. When available, the Organization uses the rate implicit in the lease or a borrowing rate based on similar debt to discount lease payments to present value. However, when a lease does not provide a readily determinable implicit rate and the Organization's existing debt does not have similar terms, the Organization uses the U.S. Treasury rate constant maturity at each lease commencement date to discount lease payments. At June 30, 2025, the Organization applied a discount rate of 4.54%.

Revenue Recognition

Government Grants

The Organization receives grant funding from various federal, state and local government agencies to provide a variety of program services to the public. Such grants are nonreciprocal transactions which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with the specific grant provisions. Government grants are subject to audit and acceptance by the funding agency, and, as a result of such audit, adjustments could be required. The Organization has recorded \$9,102,235 and \$0, as due to governmental agencies at June 30, 2025 and 2024, respectively.

To the extent that amounts received exceed the amount spent, or for amounts received in advance for future periods, the Organization recognizes refundable advances.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
D/B/A VIBRANT EMOTIONAL HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition (cont'd.)

Program Service Revenue

Program service revenues are generated from providing services to individuals for health and other services. Revenue is reported at the amount that reflects the consideration the Organization expects to receive in exchange for providing services. These amounts are due from third-party payors (including government programs and health insurers) and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with its contracts. Revenue for performance obligations satisfied is recognized as the services are provided based on per diem rates. The Organization believes this method provides a faithful depiction of the transfer of services at a point in time of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each daily visit or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of one year or less, the Organization has elected to apply the optional exemption provided in FASB ASC Subtopic 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation, which is usually at each month-end.

The Organization determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency and school district. The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition (cont'd.)

Program Service Revenue (cont'd.)

Third-Party Payors

Agreements with third-party payors typically provide for payments at established charges. A summary of the payment arrangements with major third-party payors is as follows:

Medicaid: Reimbursements for clinical services are generally paid for each type of service provided. Certain of these rates may be subject to final settlement as determined after submission of annual cost reports by the Organization.

Third-Party and Other: Payment agreements with private payors are based on predetermined rates for established services as they are provided, on a monthly basis.

Significant Judgments

Laws and regulations concerning government programs are complex and subject to varying interpretation. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have on the Organization.

From time to time, the Organization will receive overpayments resulting in amounts owed back to the government agency. In addition, contracts that the Organization has with certain government agencies provide for reconciliation and retroactive audit and review of documentation and annual report filings. These amounts are excluded from revenues and are recorded as liabilities until they are refunded.

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC Subtopic 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

Contributions and Bequests

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions.

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Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition (cont'd.)

Contributions and Bequests (cont'd.)

The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without donor restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Absent explicit donor stipulations for the period of time that long-lived asset must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Functional Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy is allocated on a square-footage basis. Salaries and benefits are allocated based on estimates of time and effort. Other natural expenses attributable to more than one functional expense category are allocated on a direct basis to the related programs or otherwise allocated by management on an equitable basis.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Accounting for Uncertainty in Income Taxes

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes that it is no longer subject to income tax examinations for tax years prior to 2022.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the current year's presentation. As a result, certain receivables, lease liabilities, due to sub-award recipients, and accrued salaries and related benefits have been reclassified in the statement of financial position, certain contributions have been reclassified in the statement of activities, and the natural classification of expenses has been reclassified in the statement of functional expenses. These reclassifications have no effect on the change in net assets previously reported.

Upcoming Accounting Pronouncement

In July 2025, the FASB issued Accounting Standards Update ("ASU") No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which amends the guidance in FASB ASC Subtopic 326-20 to simplify the estimation of expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). ASU No. 2025-05 introduces 1) a practical expedient allowing entities to assume that current conditions as of the date of the statement of financial position remain unchanged over the remaining life of the asset, and 2) an accounting policy election (available to non-public business entities) permitting consideration of subsequent cash collections after the date of the statement of financial position when estimating expected credit losses. The guidance is effective for all entities for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. The Organization is currently evaluating the impact of this ASU on its financial statements and related disclosures.

Note 3 - Concentration of Credit Risk

The Organization maintains cash balances in several financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, the Organization's balances may exceed these limits.

At June 30, 2025, receivables from SAMHSA and the New York City Department of Health and Mental Hygiene ("DOHMH") accounted for approximately 60% and 32%, respectively, of the total receivables balance. SAMHSA and DOHMH accounted for approximately 84% and 11%, respectively, of the total operating revenue and other support for the year ended June 30, 2025.

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 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Note 4 - Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2025.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The following table presents the Organization's assets that are measured at fair value at June 30, 2025:

	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equity	\$ 12,539,162	\$ 12,539,162	\$ -	\$ -
Fixed income	<u>28,628,723</u>	<u>28,628,723</u>	<u>-</u>	<u>-</u>
Total Assets Measured at Fair Value	<u>\$ 41,167,885</u>	<u>\$ 41,167,885</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Fixed Assets

Fixed assets, net, consisted of the following at June 30, 2025:

Furniture and fixtures	\$ 2,443,249
Less: Accumulated depreciation	<u>834,777</u>
	<u>\$ 1,608,472</u>

Depreciation and amortization expense for the year ended June 30, 2025 was \$488,650.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 6 - Due to Sub-Awards Recipients

The Organization accepts applications from organizations to become sub-awardees of 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, 2025, was \$36,207,641. The sub-awards expense related to claims submitted from sub-award recipients during the year ended June 30, 2025 was \$189,743,345.

Note 7 - Refundable Advances

Refundable advances in support of the Organization's programs consisted of the following at June 30, 2025:

New York City agencies	\$ 22,784,492
New York State agencies	4,133,067
Other	<u>223,987</u>
	<u><u>\$ 27,141,546</u></u>

Note 8 - Employee Retirement Plan

The Organization maintains a defined contribution pension plan covering substantially all employees of the Organization, subject to certain limitations for age, hours of service, and years of service. The Organization may make discretionary profit-sharing contributions to the Plan if it is financially feasible to do so, which are allocated to active participants on a quarterly basis based on compensation earned. Contribution expense for the year ended June 30, 2025 was \$2,665,455.

Note 9 - Contingencies

The Organization is involved in various legal proceedings and litigation arising in the ordinary course of 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 significant portion of its revenue from contracts and grants that are subject to audit by state, city and federal auditors. Reimbursements are subject to audit and retroactive adjustments by the respective third-party fiscal intermediary. Until such audits have been completed and final settlement reached, there exists a contingent possibility of refunding any amounts received in excess of allowable costs. The Organization is of the opinion that any audit adjustments will not have a material effect on the Organization's financial position.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
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 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Note 10 - Lease Commitments

The Organization's right-of-use assets and lease liabilities relate to office space.

Lease components in the Organization's leases are accounted for following the guidance in ASC 842 for the capitalization of long-term leases. At June 30, 2025, the lease liability is equal to the present value of the remaining lease payments, discounted using the U.S. Treasury rate constant maturity at each lease commencement date.

Lease activity for the year ended June 30, 2025 was as follows:

Lease cost:

Operating lease cost	<u>\$ 3,230,840</u>
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Other information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 1,716,313</u>
Weighted-average remaining lease term - operating lease	<u>14.22 years</u>
Weighted-average discount rate - operating lease	<u>4.54%</u>

Future minimum lease payments at June 30, 2025 are as follows:

Years Ending June 30:

2026	<u>\$ 3,122,587</u>
2027	<u>3,088,236</u>
2028	<u>3,096,918</u>
2029	<u>2,980,310</u>
2030	<u>3,006,211</u>
Thereafter	<u>30,194,787</u>
Total future minimum undiscounted lease payments	<u>45,489,049</u>
Less: Amount representing interest	<u>12,342,012</u>
Present value of future payments	<u>33,147,037</u>
Less: Current lease liabilities	<u>1,658,754</u>
Long-term lease liabilities	<u><u>\$ 31,488,283</u></u>

Note 11 - Available Resources and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the use of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments, program and other receivables and government grants receivable.

THE MENTAL HEALTH ASSOCIATION OF NEW YORK CITY, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 11 - Available Resources and Liquidity (cont'd.)

The following reflects the Organization's financial assets as of June 30, 2025:

Cash and cash equivalents	\$ 16,524,338
Investments	41,167,885
Program and other receivables, net	1,147,738
Government grants receivable, net	<u>78,200,577</u>
 Total financial assets available to meet cash needs within one year	 <u>\$137,040,538</u>

Note 12 - Grant Reimbursement 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, 2025 have been recorded as receivables. The following are the Organization's grant commitments that extend beyond June 30, 2025:

Grant	Contract Term	Grant Amount	Earned Through		Funding Available
			2025		
Bronx Family and Youth Peer Support	07/01/2021 - 06/30/2030	\$ 13,569,818	\$ 4,533,443	\$ 9,036,375	
Queens Family and Youth Peer Support	07/01/2021 - 06/30/2030	11,713,399	3,959,404	7,753,995	
Staten Island Family and Youth Peer Support	07/01/2022 - 06/30/2031	4,500,000	909,282	3,590,718	
Youth Employment Services	07/01/2018 - 06/30/2027	4,945,591	2,998,237	1,947,354	
Non-Residential Treatment Facility	07/01/2022 - 06/30/2027	3,185,957	1,402,842	1,783,115	
Adolescent Skills Center	07/01/2022 - 06/30/2031	13,816,204	3,618,757	10,197,447	
Geriatric ACT team	07/01/2024 - 06/30/2033	1,541,239	-	1,541,239	
Crisis Emotional Care Team - Elevance	10/01/2024 - 09/30/2025	250,000	187,500	62,500	
NYC 988	07/01/2024 - 06/30/2027	81,682,054	30,285,631	51,396,423	
Office of Addiction Services & Support (OASAS)	09/01/2024 - 08/31/2029	13,343,039	2,341,443	11,001,596	
Fellowship Initiative	11/15/2023 - 11/14/2026	4,104,000	2,297,302	1,806,698	
Veterans Crisis Line	05/01/2024 - 10/30/2029	29,334,519	8,174,555	21,159,964	
Office of Consumer Affairs	07/01/2022 - 06/30/2031	20,732,333	2,116,787	18,615,546	
DOHMH Coordinated Children Services	07/01/2020 - 06/30/2039	3,402,409	1,124,357	2,278,052	
Youth Mental Health	12/01/2023 - 06/30/2026	901,464	600,976	300,488	
Case Management Services	12/01/2023 - 06/30/2026	601,497	400,998	200,499	
SAMHSA - Base Award	10/01/2021 - 09/30/2026	503,651,855	316,632,166	187,019,689	
NYC Well Supplement	09/30/2023 - 09/29/2026	1,298,820	865,880	432,940	
NYS OMH Specialized	04/01/2022 - 03/31/2027	11,597,880	6,842,831	4,755,049	
NYS OMH NYC Well Supplement	09/30/2023 - 09/29/2026	9,470,562	-	9,470,562	
		<u>\$ 733,642,640</u>	<u>\$ 389,292,391</u>	<u>\$ 344,350,249</u>	

Note 13 - Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2025 through November 25, 2025, which is the date that the financial statements were available to be issued. During the period, there were no material subsequent events requiring disclosure.