

**MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

**MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mental Health America of Greenville County, Inc.
Greenville, South Carolina

Opinion

We have audited the accompanying financial statements of Mental Health America of Greenville County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 Mental Health America of Greenville County, Inc. as of December 31, 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mental Health America of Greenville County, Inc. 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 Mental Health America of Greenville County, Inc.'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 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, including omissions, 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 Mental Health America of Greenville County'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 Mental Health America of Greenville County'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.

Phillips CPAs and Advisors

Greenville, South Carolina

October 23, 2023

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

Assets

Current assets

Cash and cash equivalents	\$	780,019
Cash and cash equivalents (with donor restrictions)		110,192
Cash and cash equivalents (deposits held for others)		623,845
Receivables		251,496
Prepaid expenses		362,929
Investments - other		34,644
Total current assets		<u>2,163,125</u>

Property and equipment (net)

3,391,520

Total assets

\$ 5,554,645

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	28,457
Accrued payroll and payroll taxes		37,210
Deposits held for others		623,844
Deferred revenue		173,238
Total current liabilities		<u>862,749</u>

Total liabilities

862,749

Net assets

Net assets without donor restrictions		4,581,704
Net assets with donor restrictions		110,192
Total net assets		<u>4,691,896</u>

Total liabilities and net assets

\$ 5,554,645

*The accompanying notes are an integral part of these financial statements.
See accompanying independent auditor's report.*

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Contributions and nongovernmental grants	\$ 72,275	\$ 620,984	\$ 693,259
Program service fees	245,065	-	245,065
Governmental grants	-	838,250	838,250
United Way	40,000	-	40,000
Interest income	161	-	161
In-kind specific assistance	-	22,650	22,650
Other income	25,079	-	25,079
	<hr/>	<hr/>	<hr/>
Total revenues, gains, and other support	382,580	1,481,884	1,864,464
	<hr/>	<hr/>	<hr/>
Reclassifications			
Net assets released from restrictions	1,456,079	(1,456,079)	-
	<hr/>	<hr/>	<hr/>
Expenses and losses			
Program services			
Crisis Intervention Services	2,018,730	-	2,018,730
Mental Health Matters - Education	19,138	-	19,138
Consumer Supportive Living Services	153,131	-	153,131
Total program services	<hr/>	<hr/>	<hr/>
	2,190,999	-	2,190,999
	<hr/>	<hr/>	<hr/>
Management and general	107,473	-	107,473
Fundraising	11,149	-	11,149
	<hr/>	<hr/>	<hr/>
Total expenses and losses	2,309,621	-	2,309,621
	<hr/>	<hr/>	<hr/>
Change in net assets	(470,962)	25,805	(445,157)
Net assets, beginning of year	<hr/>	<hr/>	<hr/>
	5,052,666	84,387	5,137,053
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 4,581,704</u>	<u>\$ 110,192</u>	<u>\$ 4,691,896</u>

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See accompanying independent auditor's report.*

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services			Subtotal	Management and Fundraising		Total
	Crisis Intervention Services	Mental Health Matters - Education	Consumer Supportive Living Services		General	Fundraising	
Salaries and wages	\$ 775,939	\$ 4,564	\$ 59,336	\$ 839,839	\$ 73,029	\$ -	\$ 912,868
Employee benefits	127,218	748	9,728	137,694	11,973	-	149,667
Payroll taxes	60,472	356	4,624	65,452	5,692	-	71,144
AmeriCorps allowances	50,805	-	-	50,805	-	-	50,805
Professional fees	306,388	3,159	6,317	315,864	-	-	315,864
Office expenses	6,767	929	5,042	12,738	133	398	13,269
Information technology	174,312	1,816	5,447	181,575	-	-	181,575
Occupancy	17,682	190	571	18,443	570	-	19,013
Travel	2,474	25	26	2,525	26	-	2,551
Conferences and meetings	7,233	1,429	268	8,930	-	-	8,930
Depreciation	421,986	4,396	13,187	439,569	-	-	439,569
Insurance	-	-	-	-	9,633	-	9,633
Postage	377	283	8,008	8,668	94	659	9,421
Printing and publications	11,963	203	8,111	20,277	-	-	20,277
Specific assistance	-	-	4,661	4,661	-	-	4,661
In-kind specific assistance	-	-	22,650	22,650	-	-	22,650
Other	-	-	-	-	-	-	-
Equipment rental/maintenance	44,980	463	464	45,907	-	464	46,371
Dues and subscriptions	2,384	248	464	3,096	-	-	3,096
Supplies	389	10	-	399	113	-	512
Bank and merchant service fees	260	87	3,646	3,993	174	174	4,341
Employee recruitment/onboarding	2,341	-	-	2,341	-	-	2,341
Other operating expenses	4,760	232	581	5,573	6,036	-	11,609
Fundraising expenses	-	-	-	-	-	9,454	9,454
	<u>\$ 2,018,730</u>	<u>\$ 19,138</u>	<u>\$ 153,131</u>	<u>\$ 2,190,999</u>	<u>\$ 107,473</u>	<u>\$ 11,149</u>	<u>\$ 2,309,621</u>

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditor's report.

MENTAL HEALTH AMERICA OF GREENVILLE COUNTY, INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

Cash flows from operating activities	
Change in net assets	\$ (445,157)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	439,569
Net change in assets and liabilities	
(Increase) in receivables	(57,582)
Decrease in prepaid expenses	164,708
Increase in accounts payable	6,443
Increase in accrued payroll and payroll taxes	611
(Decrease) in deposits held for others	(135,863)
(Decrease) in deferred revenue	(130,265)
Net cash (used) by operating activities	<u>(157,536)</u>
Cash flows from investing activities	
Purchase of property and equipment, net	(408,380)
Proceeds, reinvestment of interest income in investments, net	(20)
Net cash (used) by investing activities	<u>(408,400)</u>
Net (decrease) in cash	(565,936)
Cash and cash equivalents, beginning of year	<u>2,079,992</u>
Cash and cash equivalents, end of year	<u>\$ 1,514,056</u>
Reconciliation of cash and cash equivalents to the Statement of Financial Position	
Cash	\$ 780,019
Cash, restricted	734,037
	<u>\$ 1,514,056</u>

*The accompanying notes are an integral part of these financial statements.
See accompanying independent auditor's report.*

**MENTAL HEALTH AMERICA
OF GREENVILLE COUNTY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mental Health America of Greenville County, Inc. (the “Organization”) is a nonprofit organization organized for the purpose of providing services and programs for the mentally ill and to educate the public about mental illness.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments

The carrying value of cash and cash equivalents, receivables, prepaid expenses, accounts payable, accrued payroll and payroll taxes, and deposits held for others approximate fair value because of the terms and relative short maturity of financial instruments.

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and financial statement disclosure. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions. The Organization maintains bank accounts at various financial institutions covered by the FDIC. At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit. Due to

the strong credit rating of these financial institutions, management believes it is not exposed to any significant credit risk to cash. At December 31, 2022, cash deposits exceeded federally insured limits by \$297,352.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts. The allowance for uncollectible accounts is estimated based on past experience and on analysis of collectability. The Organization had no allowance for uncollectible accounts at December 31, 2022.

Investments

The Organization's investments consist of certificates of deposit through regional banks. Investments are reported at cost, which approximates fair value. Interest income is included in the statements of activities as an increase in unrestricted net assets unless the income is restricted by donor or law.

Property and Equipment

Property and equipment that is purchased in excess of \$1,000 by the Organization is capitalized at cost. Donated property and equipment is recorded as support revenue at the estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor restricts the donated asset to be used for a specific purpose. Maintenance and repairs which do not improve or extend the useful lives of the assets are charged to expense as incurred. Any gain or loss on the disposal of property and equipment is recognized in the year of disposition. Property and equipment are depreciated using the straight-line method over the useful life of the assets.

The class lives of the more significant items within each property classification are as follows:

Furniture	7 years
Equipment	5-10 years
Leasehold improvements	20 years

Donated Materials and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

For the year ended December 31, 2022, in-kind donations estimated to be valued at \$22,650 were donated and have been shown on the statement of activities.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's programs and supporting services, the value of which is not recorded in the accompanying financial statements.

Advertising

The Organization expenses advertising costs as incurred. No advertising expense was recognized for the year ended December 31, 2022.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code; accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and wages, employee benefits, and payroll taxes are the primary costs that are allocated, which are allocated on the basis of estimates of time and effort.

NOTE 2 – RECEIVABLES

Receivables consists of the following at December 31, 2022:

Grants receivable	\$	62,037
Program service fee and reimbursement receivables		65,423
Receivables - other		124,036
	\$	<u>251,496</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022:

Leasehold improvements	\$ 2,235,252
Furniture, fixtures, and equipment	1,878,402
Less: accumulated depreciation	<u>(722,134)</u>
	<u>\$ 3,391,520</u>

Depreciation expense was \$439,569 for the year ended December 31, 2022.

NOTE 4 - DEPOSITS HELD FOR OTHERS

Mental Health America of Greenville County, Inc. handles money for two hundred thirty-plus individuals as their representative payee. Most of the funds come from social security disability and are spent on the individuals' behalf for rent, utilities, etc. These funds belong to the individuals and not Mental Health America of Greenville County, Inc. and therefore, the receipts and expenditures are not included in the financial statements. The liability account "deposits held for others" was set up to offset the corresponding amount in cash, which belongs to these individuals and are required to be held in bank accounts separate from operating funds. The total receipts in these accounts for December 31, 2022 were \$2,504,963 with total disbursements of \$2,609,598.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2022:

Operation Santa Claus	\$ 8
Pennies from Heaven	5,301
Jolly Foundation	14,473
Miracle Hill Ministries	3,807
Cliffs	14,876
Dabo's All In	5,000
BlueCross Foundation	58,396
Greater Greenville Master Gardeners	350
Greenville Women Giving	6,161
Rotary Club	1,820
	<u>\$ 110,192</u>

NOTE 6 – LEASE OBLIGATIONS

Management reviewed the operating lease and determined that amounts are immaterial as it relates to ASC 842.

Total lease expense was \$9,167 for the year ended December 31, 2022. Lease expenses are included in occupancy and rental of equipment expenses.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The following table reflects the Organization’s financial assets (cash and cash equivalents, receivables, and investments - other) as of December 31, 2022, reduced by amounts not available for general expenditures within one year.

Cash and cash equivalents	\$	780,019
Cash and cash equivalents (with donor restrictions)		110,192
Cash and cash equivalents (deposits held for others)		623,845
Receivables		251,496
Investments - other		34,644
Less: those unavailable for general expenditures within one year due to:		
Donor restrictions		(110,192)
Deposits held for others		<u>(623,844)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>1,066,160</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient donations, grants, and program service fees and by utilizing donor-restricted resources from current and prior gifts.

NOTE 8 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, establishes a consistent framework for measuring fair value in accordance with GAAP, and expands disclosure requirements about fair value measurements. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. 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 (an exit price). The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of Mental Health America as follows:

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

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. Mental Health America is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). Mental Health America considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Mental Health America’s perceived risk of that instrument.

The following table summarizes the valuation of Mental Health America’s financial assets and liabilities measured at fair value as of December 31, 2022, based on the level of input utilized to measure fair value:

	Level 1	Level 2	Level 3	Total
Investments				
Certificates of Deposit	\$ 34,644	\$ -	\$ -	\$ 34,644
Total investments	<u>\$ 34,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,644</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

Certificates of Deposit - The fair value of the Certificates of Deposit is classified as Level 1.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization provides administrative support and property management services to Mental Health Association of Greenville County Housing Corporation, Inc. and Hillcrest Heights Inc., which shares common management. As such, the Organization invoiced a total of \$73,515 for management-related fees and contractual reimbursements to Mental Health Association of Greenville County Housing Corporation, Inc. and Hillcrest Heights Inc. As of December 31, 2022, the Organization had \$65,423 in outstanding receivables from these related party organizations, which is shown in receivables in the financial statements.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through the date of the auditor’s report. Management has determined there are no subsequent events that require recognition or disclosure in the financial statements.