

**MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON**

FINANCIAL STATEMENTS

Year Ended June 30, 2021



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

**MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON**

FINANCIAL STATEMENTS

Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mental Health Association of Oregon
dba Mental Health & Addiction Association of Oregon
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Mental Health Association of Oregon dba Mental Health & Addiction Association of Oregon (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health Association of Oregon as of June 30, 2021, 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.

To the Board of Directors
Mental Health Association of Oregon
dba Mental Health & Addiction Association of Oregon

Other Matters

Other Reporting Requirement by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, on our consideration of Mental Health Association of Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mental Health Association of Oregon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mental Health Association of Oregon's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Mental Health Association of Oregon's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the nine months ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern + Thompson, LLC

Portland, Oregon
September 28, 2022

MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON

STATEMENT OF FINANCIAL POSITION

June 30, 2021
(With Comparative Totals as of June 30, 2020)

ASSETS

	2021	2020
Cash and cash equivalents	\$ 199,466	\$ 295,962
Grants and contracts receivable	1,251,540	410,464
Prepaid expenses	39,738	20,224
Total assets	\$ 1,490,744	\$ 726,650

LIABILITIES AND NET ASSETS

Accounts payable	\$ 35,984	\$ 26,336
Accrued payroll and related expenses	231,308	163,712
Deferred revenue	-	81,310
Refundable advances	693,389	471,378
Total liabilities	960,681	742,736
Net assets (deficit)		
Without donor restrictions	395,845	(44,184)
Board designated scholarship fund	14,218	14,218
Total without donor restrictions	410,063	(29,966)
With donor restrictions	120,000	13,880
Total net assets (deficit)	530,063	(16,086)
Total liabilities and net assets	\$ 1,490,744	\$ 726,650

See notes to financial statements.

MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

(With Comparative Totals for Nine Months Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Revenues and other support				
Government and foundation grants and contracts	\$ 3,816,062	\$ 120,000	\$ 3,936,062	\$ 1,997,690
Conference registrations	207,787	-	207,787	5,140
Contributions	20,934	-	20,934	20,039
Paycheck Protection Program forgiveness	390,700	-	390,700	-
Other	6,130	-	6,130	4,030
	<u>4,441,613</u>	<u>120,000</u>	<u>4,561,613</u>	<u>2,026,899</u>
Net assets released from restrictions	13,880	(13,880)	-	-
Total revenues and other support	<u>4,455,493</u>	<u>106,120</u>	<u>4,561,613</u>	<u>2,026,899</u>
Expenses				
Program services	3,433,456	-	3,433,456	1,790,328
Management and general	582,008	-	582,008	365,557
Total expenses	<u>4,015,464</u>	<u>-</u>	<u>4,015,464</u>	<u>2,155,885</u>
Change in net assets	440,029	106,120	546,149	(128,986)
Net assets, beginning of year	<u>(29,966)</u>	<u>13,880</u>	<u>(16,086)</u>	<u>112,900</u>
Net assets, end of year	<u>\$ 410,063</u>	<u>\$ 120,000</u>	<u>\$ 530,063</u>	<u>\$ (16,086)</u>

See notes to financial statements.

MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

(With Comparative Totals for Nine Months Ended June 30, 2020)

	PROGRAM SERVICES				Total	
	Peer Delivered Services	Training & Development	Total Program	Management and General	2021	2020
Personnel expense						
Salaries	\$ 2,085,018	\$ 154,044	\$ 2,239,062	\$ 321,778	\$ 2,560,840	\$ 1,383,034
Payroll taxes and benefits	445,624	43,787	489,411	95,133	584,544	339,314
Total personnel expense	2,530,642	197,831	2,728,473	416,911	3,145,384	1,722,348
Direct grant expense						
Conference and training expense	17,140	7,652	24,792	3,587	28,379	25,414
Total direct grant expense	17,140	7,652	24,792	3,587	28,379	25,414
Other expense						
Rent and utilities	78,036	6,477	84,513	12,050	96,563	68,355
Telephone and computer services	73,682	4,678	78,360	19,577	97,937	32,870
Equipment and furniture	4,868	60	4,928	2,656	7,584	5,804
Printing and postage	6,092	8,763	14,855	8,230	23,085	8,370
Licenses, fees, dues and subscriptions	60,520	11,819	72,339	18,947	91,286	33,664
Insurance	19,112	6,615	25,727	8,987	34,714	19,467
Professional services	140,891	61,238	202,129	45,798	247,927	124,341
Travel and conference fees	43,717	854	44,571	5,044	49,615	68,976
Supplies and other	67,009	85,760	152,769	40,221	192,990	46,276
Total other expense	493,927	186,264	680,191	161,510	841,701	408,123
Total expenses	\$ 3,041,709	\$ 391,747	\$ 3,433,456	\$ 582,008	\$ 4,015,464	\$ 2,155,885

See notes to financial statements.

MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

(With Comparative Totals for Nine Months Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 546,149	\$ (128,986)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in:		
Grants and contracts receivable	(841,076)	(190)
Prepaid expenses	(19,514)	22,336
Increase (decrease) in:		
Accounts payable	9,648	(38,483)
Accrued payroll and related expenses	67,596	24,970
Deferred revenue	(81,310)	81,310
Refundable advances	222,011	413,766
Net cash provided by (used in) operating activities	(96,496)	374,723
Cash flows from financing activities:		
Proceeds from (payments on) line of credit	-	(80,000)
Net cash provided by (used in) financing activities	-	(80,000)
Net change in cash and cash equivalent	(96,496)	294,723
Cash and cash equivalents, beginning of year	295,962	1,239
Cash and cash equivalents, end of year	\$ 199,466	\$ 295,962

See notes to financial statements.

MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – DESCRIPTION OF ORGANIZATION

Mental Health Association of Oregon, dba Mental Health & Addiction Association of Oregon (the Organization or MHAAO) is an inclusive peer-run organization dedicated to self-direction honoring the voice of lived experience. MHAAO believes that all individuals who experience mental health and/or addiction challenges can recover and that recovery, its journey and process, is unique to the individual. MHAAO believes that recipients of our services have the right and the ability to make decisions for themselves about what supports they would prefer to receive and the directions they wish to explore. We believe the role of any MHAAO team member regardless of position, is not to infringe on the choices made by the individuals we serve, but to offer support toward mutually agreed upon goals and to offer feedback or possible options and resources, as requested by those individuals.

Key program services of the Organization are:

➤ **Direct Peer Delivered Services**

With a belief in the individual as the expert and the director of their own path, EVOLVE Peer Delivered Services offers an array of support options for individuals seeking something different. Individuals enrolled in our program work with a team of Peer Support Specialists, who identify as having lived experience of mental health and/or addiction challenges, have made a commitment to their own recovery, have been specially trained and certified, and are willing to walk beside and support individuals navigating their own recovery journey.

➤ **Training, Technical Assistance and Workforce Development**

The MHAAO programs housed under this umbrella serve to train, provide technical assistance and develop the peer workforce. Peerlink National Technical Assistance Center (NTAC), the Oregon Peer Training and Innovations Center (OPTIC), the Oregon Peer Delivered Services Coalition (OPDSCo), and Peerpocalypse Leadership Conference work toward providing these services to systems, organizations, and the peer workforce. MHAAO achieves this through national and state-approved training and other peer-centered and developed curricula.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting which recognizes revenue when earned and expenses when incurred.

Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2021, a new accounting pronouncement became effective for the Organization: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”)*. ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. Revenue streams applicable to the Organization that qualify as exchange transactions include conference registrations.

**MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Pronouncements (Continued)

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes are necessary to conform with the new standard, therefore the implementation of ASU 2014-09 had no impact on beginning net assets or revenues.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

**MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Grants and Contracts Receivable

The Organization's grants and contracts receivable consist primarily of reimbursement requests to government agencies and are unsecured. Such receivables are generally due within 30 days. The Organization has not experienced any losses on these accounts. There was no significant outstanding balance in grants and contracts receivable older than 90 days as of June 30, 2021.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue streams applicable to the Organization that qualify as exchange transactions with "customers" (primarily conference registrations fees) are recognized at a single point upon receipt when all risks and rewards transfer. Amounts received from customers in advance, such as deposits for reserved future services and events, are recorded as deferred revenue until the Organization's performance obligations are satisfied.

Conditional Promises to Give

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and county contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions or has met the performance requirements. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Deferred Revenue

The Organization occasionally receives advance payment for conferences and trainings. Revenue is recognized in the period in which the related services are rendered. Advances are recorded as deferred revenue until earned or refunded.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

**MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the nine months ended June 30, 2020, from which the summarized information was derived.

NOTE C – REFUNDABLE ADVANCES

➤ **Conditional Grant Advances**

Refundable advances result primarily from conditional grant payments received prior to the incurrence of allowable grant expenditures, and are refundable to the grantor if not used for grant purposes.

➤ **Payroll Protection Program**

On April 22, 2020, the Organization received a Paycheck Protection Program (PPP) forgivable loan for \$390,700. PPP loans are funded by the Small Business Administration and may be forgiven if used to cover salaries and other personnel costs, facility rent, and communications expenses. Under guidance of Accounting Standards Codification (ASC) 958-605, the PPP loan represents, in substance, a conditional grant and was therefore included as a refundable advance on the 2020 statement of financial position. The Organization complied with all forgiveness criteria and the loan and interest was forgiven on June 23, 2021.

NOTE D – CONTINGENCIES

Amounts received or receivable from government grants are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future.

Other claims arising in the normal course of operations have been filed against the Organization. Certain claims are covered by insurance and have been tendered to the Organization's public liability insurer. In management's opinion, these claims will not result in material losses to the Organization.

NOTE E – LINE OF CREDIT

The Organization has an unsecured \$100,000 line of credit. There was no amount outstanding on the line at June 30, 2021.

**MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE F – NET ASSETS

Net assets with donor restrictions are restricted for purpose. The Board designated scholarship fund is for emergency funds for peers, both internally and externally. Examples of uses are legal fees, clothing, funeral expenses, or groceries.

NOTE G – RETIREMENT PLAN

The Organization provides retirement benefits for all eligible employees through a 401(k) retirement plan under which it contributes a discretionary amount of participating employees' annual salaries to the plan. The percentage of employees' annual salaries to be contributed is reviewed annually. Contributions commenced in the year ended June 30, 2022.

NOTE H – OPERATING LEASES

The Organization leases its facility in Portland, Oregon and satellite office in Washington County under agreements that expire in June 30, 2022 and January 2023, respectively. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 89,793
2023	19,980
2024	1,912
	<u>\$ 111,685</u>

Total rent expense was \$85,303 for the period ended June 30, 2021.

NOTE I – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2021:

Financial assets at year-end	
Cash and cash equivalents	\$ 199,466
Grants and contracts receivable	1,251,540
Total financial assets	<u>1,451,006</u>
Less amounts unavailable for general expenditures use within one year:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restriction	(120,000)
Board designated scholarship fund	(14,218)
Total unavailable financial assets	<u>(134,218)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,316,788</u>

MENTAL HEALTH ASSOCIATION OF OREGON
dba MENTAL HEALTH & ADDICTION ASSOCIATION OF OREGON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – LIQUIDITY (CONTINUED)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of current requirements in short-term investments. Although the Organization does not intend to spend from its board-designated scholarship fund other than amounts appropriated for general expenditure as part of its annual budget approval, amounts from its board-designated scholarship fund could be made available if necessary to manage unanticipated liquidity needs.

NOTE J – UNCERTAINTY

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of facilities, activities, and entities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Such closings have impacted the ability of the Organization and its activity partners to conduct some grant activities and have resulted in some ceasing or delaying of certain operations. The Organization's 2020 and 2021 conferences were adjusted to a virtual setting, with attendance holding steady in 2020 and declining in 2021. Therefore, the Organization expects these matters to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 28, 2022, which is the date the financial statements were available to be issued.