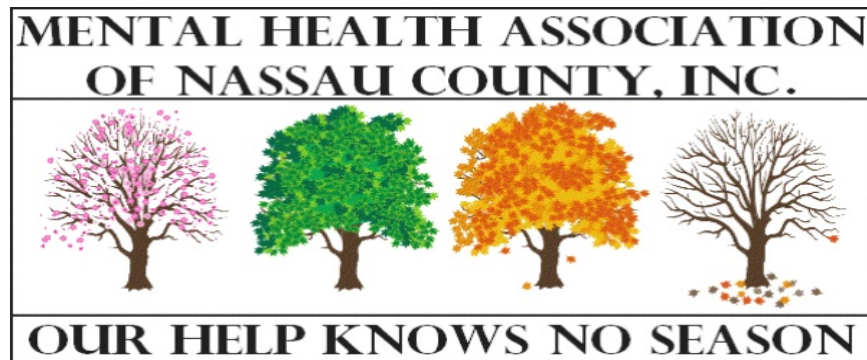


**THE MENTAL HEALTH ASSOCIATION
OF NASSAU COUNTY, INC.**



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2019 and 2018

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
The Mental Health Association of Nassau County, Inc.

We have audited the accompanying financial statements of The Mental Health Association of Nassau County, Inc. ("MHA"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 The Mental Health Association of Nassau County, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
July 13, 2020

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents (Notes 2C and 13A)	\$ 1,603,055	\$ 1,949,372
Restricted cash (Notes 2C and 11)	50,748	46,120
Investments (Notes 2D and 5)	4,060,193	3,511,422
Accounts receivable, net (Notes 2E and 4)	1,222,671	2,155,931
Due from related parties (Note 14)	225,218	228,498
Prepaid expenses and other assets	121,782	101,189
Security deposits	89,221	82,334
Property and equipment, net (Notes 2F and 6)	4,045,025	4,968,211
Consumer funds (Note 2G)	<u>2,951,348</u>	<u>2,841,940</u>
TOTAL ASSETS	<u>\$ 14,369,261</u>	<u>\$ 15,885,017</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 444,853	\$ 817,227
Accrued payroll, vacation and employer taxes	351,551	357,427
Due to CRISP Trust (Note 15)	162,787	185,769
Due to funding sources and deferred revenue (Notes 6 and 7)	1,413,376	1,653,873
Loans and mortgage payable (Notes 2O and 8)	1,735,835	2,499,244
Consumer funds (Note 2G)	<u>2,951,348</u>	<u>2,841,940</u>
TOTAL LIABILITIES	<u>7,059,750</u>	<u>8,355,480</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Notes 2B and 10)		
Without donor restrictions		
Operating	3,681,502	4,100,585
Board designated (Note 10)	<u>3,611,597</u>	<u>3,412,540</u>
Total net assets without donor restrictions	7,293,099	7,513,125
With donor restrictions (Note 10)	<u>16,412</u>	<u>16,412</u>
TOTAL NET ASSETS	<u>7,309,511</u>	<u>7,529,537</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,369,261</u>	<u>\$ 15,885,017</u>

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

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Without Donor Restrictions	With Donor Restrictions	Total 2018
Operating Revenues: (Notes 2H, 2I and 13B)						
Nassau County programs	\$ 1,329,518	\$ -	\$ 1,329,518	\$ 1,388,398	\$ -	\$ 1,388,398
MH Houses	3,542,492	-	3,542,492	3,280,926	-	3,280,926
OPWDD houses	1,417,594	-	1,417,594	1,923,204	-	1,923,204
MHA programs	390,970	-	390,970	497,562	-	497,562
Health Homes - Care Coordination	1,636,532	-	1,636,532	1,307,809	-	1,307,809
PROS services	1,279,148	-	1,279,148	1,311,187	-	1,311,187
Medicaid Service Coordination services	5	-	5	33,727	-	33,727
In-home respite services	5,088	-	5,088	23,792	-	23,792
Other programs and grants	160,664	-	160,664	309,592	-	309,592
Net assets released from restrictions (Notes 2B and 10)	-	-	-	2,018	(2,018)	-
Total Operating Revenues	<u>9,762,011</u>	<u>-</u>	<u>9,762,011</u>	<u>10,078,215</u>	<u>(2,018)</u>	<u>10,076,197</u>
Expenses: (Note 2L)						
Program services:						
Nassau County programs	1,129,025	-	1,129,025	1,198,346	-	1,198,346
MH Houses	2,829,945	-	2,829,945	2,824,130	-	2,824,130
OPWDD houses	1,901,178	-	1,901,178	2,744,119	-	2,744,119
MHA programs	489,529	-	489,529	198,195	-	198,195
Health Homes - Care Coordination	1,289,903	-	1,289,903	1,229,043	-	1,229,043
PROS services	1,116,231	-	1,116,231	1,088,218	-	1,088,218
Medicaid Service Coordinatoin services	4,852	-	4,852	63,624	-	63,624
In-home respite services	17,578	-	17,578	58,679	-	58,679
Other programs	191,778	-	191,778	211,237	-	211,237
	<u>8,970,019</u>	<u>-</u>	<u>8,970,019</u>	<u>9,615,591</u>	<u>-</u>	<u>9,615,591</u>
Supporting services:						
Management and general	1,787,318	-	1,787,318	2,083,859	-	2,083,859
Fundraising	-	-	-	124,291	-	124,291
	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,291</u>	<u>-</u>	<u>124,291</u>
Total Operating Expenses	<u>10,757,337</u>	<u>-</u>	<u>10,757,337</u>	<u>11,823,741</u>	<u>-</u>	<u>11,823,741</u>
Change in Net Assets from Operations	<u>(995,326)</u>	<u>-</u>	<u>(995,326)</u>	<u>(1,745,526)</u>	<u>(2,018)</u>	<u>(1,747,544)</u>
Nonoperating Revenues, Expenses, Gains and Losses						
Investment gain, net (Note 5)	461,355	-	461,355	(253,327)	-	(253,327)
Interest and dividends (Note 5)	105,075	-	105,075	90,745	-	90,745
Investment Activity	566,430	-	566,430	(162,582)	-	(162,582)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions (Note 2J)	19,582	-	19,582	53,673	-	53,673
Loss on disposal of assets (Note 6)	(13,587)	-	(13,587)	-	-	-
Miscellaneous income	202,875	-	202,875	14,714	-	14,714
Total Nonoperating Revenues, Expenses, Gains and Losses	<u>775,300</u>	<u>-</u>	<u>775,300</u>	<u>(94,195)</u>	<u>-</u>	<u>(94,195)</u>
CHANGE IN NET ASSETS	<u>(220,026)</u>	<u>-</u>	<u>(220,026)</u>	<u>(1,839,721)</u>	<u>(2,018)</u>	<u>(1,841,739)</u>
Net assets - beginning of year	<u>7,513,125</u>	<u>16,412</u>	<u>7,529,537</u>	<u>9,352,846</u>	<u>18,430</u>	<u>9,371,276</u>
NET ASSETS - END OF YEAR	<u>\$ 7,293,099</u>	<u>\$ 16,412</u>	<u>\$ 7,309,511</u>	<u>\$ 7,513,125</u>	<u>\$ 16,412</u>	<u>\$ 7,529,537</u>

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

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	Program Services									Supporting Services		Total 2019	Total 2018
	Nassau County Programs	MH Houses	OPWDD Houses	MHA Programs	Health Homes- Care Coordination	PROS Services	Medicaid Service Coordination Services	In-Home Respite Services	Other Programs	Total Program Services	Management and General		
Salaries	\$ 622,685	\$ 1,082,983	\$ 704,946	\$ 295,782	\$ 879,833	\$ 557,195	\$ 2,515	\$ 20,560	\$ 87,298	\$ 4,253,797	\$ 923,200	\$ 5,176,997	\$ 5,216,440
Payroll taxes employee benefits (Note 12)	124,324	264,394	160,741	52,728	165,115	106,533	634	3,619	14,762	892,850	194,483	1,087,333	1,196,190
Total salaries and related costs	747,009	1,347,377	865,687	348,510	1,044,948	663,728	3,149	24,179	102,060	5,146,647	1,117,683	6,264,330	6,412,630
Professional fees	38,954	19,654	571,078	3,668	17,063	98,388	-	1,177	40,539	790,521	163,104	953,625	713,830
Temporary staff	7,531	-	134,062	-	18,538	-	-	-	-	160,131	126,068	286,199	1,134,169
Billing & payroll processing fees	6,283	-	1,546	144	48,410	-	-	-	-	56,383	30,094	86,477	89,707
Occupancy (Note 9A)	120,594	923,741	78,282	50,099	12,684	37,854	-	-	5,942	1,229,196	42,086	1,271,282	1,251,693
Client assistance, medicines & incidentals	53,019	23,530	29,706	1,502	-	2,168	-	-	13,998	123,923	-	123,923	110,169
Program food & supplies	5,905	103,607	59,650	7,656	-	2,628	-	-	4,826	184,272	-	184,272	211,003
Insurance	20,492	142,208	34,709	4,035	8,411	26,780	-	-	4,087	240,722	65,081	305,803	265,798
Computers, equipment & furnishings	25,776	59,426	11,915	15,432	12,565	14,918	-	327	2,088	142,447	20,050	162,497	181,942
Maintenance & repairs	1,257	41,208	20,335	4,036	3,139	6,519	2	4	223	76,723	20,652	97,375	90,312
Office expenses & telephone	25,079	26,385	14,857	14,522	33,403	19,327	1,701	897	1,909	138,080	56,882	194,962	217,539
Staff recruitment, training and travel	36,308	17,416	7,172	5,891	23,176	15,486	-	12	3,251	108,712	37,531	146,243	133,997
Bad debt expenses (recovery)	(11,946)	(32,473)	(63,451)	8,436	30,476	143,568	-	(9,018)	(2,280)	63,312	-	63,312	330,869
Miscellaneous	24,358	10,541	7,613	14,236	2,426	4,531	-	-	806	64,511	32,315	96,826	114,548
Interest (Note 8)	6,598	15,261	37,471	1,751	7,761	17,312	-	-	3,273	89,427	24,186	113,613	129,199
Depreciation (Note 6)	21,808	132,064	90,546	9,611	26,903	63,024	-	-	11,056	355,012	51,586	406,598	436,336
Total expenses	\$ 1,129,025	\$ 2,829,945	\$ 1,901,178	\$ 489,529	\$ 1,289,903	\$ 1,116,231	\$ 4,852	\$ 17,578	\$ 191,778	\$ 8,970,019	\$ 1,787,318	\$ 10,757,337	\$ 11,823,741

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

**THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services									Supporting Services			Total 2018
	Nassau County Programs	MH Houses	OPWDD Houses	MHA Programs	Health Homes- Care Coordination	PROS Services	Medicaid Service Coordination Services	In-Home Respite Services	Other Programs	Total Program Services	Management and General	Fundraising	
Salaries	\$ 690,184	\$ 908,605	\$ 1,036,329	\$ 133,004	\$ 846,711	\$ 557,546	\$ 42,790	\$ 37,348	\$ 95,820	\$ 4,348,337	\$ 793,494	\$ 74,609	\$ 5,216,440
Payroll taxes employee benefits (Note 12)	140,622	234,168	251,079	27,739	185,979	118,364	8,874	8,390	21,747	996,962	184,379	14,849	1,196,190
Total salaries and related costs	830,806	1,142,773	1,287,408	160,743	1,032,690	675,910	51,664	45,738	117,567	5,345,299	977,873	89,458	6,412,630
Professional fees	52,527	6,318	193,912	2,801	15,362	96,426	2,934	1,070	36,464	407,814	276,816	29,200	713,830
Temporary staff	-	-	721,531	-	-	-	-	-	-	721,531	412,638	-	1,134,169
Billing & payroll processing fees	6,105	191	1,825	24	51,683	200	-	-	34	60,062	29,645	-	89,707
Occupancy (Note 9A)	67,019	987,047	98,362	1,849	11,598	38,730	-	-	5,459	1,210,064	41,629	-	1,251,693
Client assistance, medicines & incidentals	46,517	23,244	33,105	542	162	4,526	-	-	2,073	110,169	-	-	110,169
Program food & supplies	5,370	102,343	84,593	166	1,200	4,789	-	4	12,538	211,003	-	-	211,003
Insurance	19,600	115,262	45,157	888	7,212	20,059	-	-	2,840	211,018	54,780	-	265,798
Computers, equipment & furnishings	33,107	48,602	10,620	3,849	19,631	26,911	773	851	6,623	150,967	30,975	-	181,942
Maintenance & repairs	4,172	34,630	19,580	325	1,743	3,411	-	-	605	64,466	25,846	-	90,312
Office expenses & telephone	26,527	28,482	16,402	7,550	35,398	26,282	2,048	1,063	4,608	148,360	66,424	2,755	217,539
Staff recruitment, training and travel	29,103	19,462	10,082	580	17,399	8,067	-	79	2,472	87,244	45,770	983	133,997
Bad debt expenses (recovery)	20,527	148,532	54,484	(6,778)	(1,715)	99,901	3,047	9,823	3,048	330,869	-	-	330,869
Miscellaneous	26,086	5,233	1,779	18,522	882	2,929	3,158	51	2,559	61,199	51,505	1,844	114,548
Interest (Note 8)	9,461	16,337	55,012	1,052	6,662	17,575	-	-	3,340	109,439	19,709	51	129,199
Depreciation (Note 6)	21,419	145,674	110,267	6,082	29,136	62,502	-	-	11,007	386,087	50,249	-	436,336
Total expenses	\$ 1,198,346	\$ 2,824,130	\$ 2,744,119	\$ 198,195	\$ 1,229,043	\$ 1,088,218	\$ 63,624	\$ 58,679	\$ 211,237	\$ 9,615,591	\$ 2,083,859	\$ 124,291	\$ 11,823,741

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

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (220,026)	\$ (1,841,739)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	406,598	436,336
Noncash interest expense	6,691	6,691
Bad debt	63,312	330,869
Loss from sale of property	13,587	-
Unrealized (gain) loss on investments	(497,792)	217,524
Subtotal	(227,630)	(850,319)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	869,948	(759,395)
Due from related parties	3,280	(8,162)
Prepaid expenses and other assets	(20,593)	36,341
Security deposits	(6,887)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(372,374)	218,588
Accrued payroll , vacation and employer taxes	(5,876)	(1,539)
Due to CRISP Trust	(22,982)	(22,150)
Due to funding source and deferred revenue	(240,497)	392,169
Net Cash Used in Operating Activities	(23,611)	(994,467)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(50,979)	(45,011)
Purchase of property and equipment	(173,068)	(47,831)
Proceeds from sale of property and equipment	676,069	-
Net Cash Provided by (Used in) Investing Activities	452,022	(92,842)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on loans and mortgages	(770,100)	(182,326)
Net Cash Used in Financing Activities	(770,100)	(182,326)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(341,689)	(1,269,635)
Cash, cash equivalents and restricted cash - beginning of year	1,995,492	3,265,127
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 1,653,803	\$ 1,995,492
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 106,922	\$ 122,508

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

**THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

The Mental Health Association of Nassau County, Inc. (“MHA”) was established as a voluntary citizens membership organization dedicated to the improvement of mental health care and the promotion of mental health programs through education, advocacy and community services, which include the operation of community residences for psychiatrically disabled adults and emotionally disturbed and autistic children. Further, it strives for cooperation and integration of effort with other agencies, government or voluntary, state or community, having similar ideals and objectives.

Funding for MHA’s programs comes from the Nassau County Office of Mental Health, Chemical Dependency, and Developmental Disabilities Services, the New York State Office of Mental Health (“OMH”), United States Department of Housing and Urban Development, and the Office for People With Developmental Disabilities (“OPWDD”). MHA also receives funding through special events and contributions.

MHA is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is a publicly supported organization as described in Section 509(a).

MHA entered into an operating agreement with several other mental health providers and formed AHN MSO, LLC (the “Company”) to provide management, back office and administrative services customarily performed by a management service organization relating specifically to behavioral health services/providers, marketing, administration, IT services, facilities, billing, staff sharing/leasing, acting in accordance with the messenger model for non-risk negotiations with payors, and/or furnishing equipment and/or supplies or such other services the Company performs, as determined by its Board of Managers.

MHA also provides financial management services, a voluntary money management support program, for individuals recovering from mental illnesses.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting and Use of Estimates** - MHA prepares its financial statements using the accrual basis of accounting. MHA adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. **Basis of Presentation** - MHA maintains its net assets under the following two classes:
- Without donor restrictions – represents resources available for the support of MHA’s operations over which the Board of Directors has discretionary control which includes:
 - **Operating** – consists of net assets without donor restrictions whose use is available for daily operations.
 - **Board designated** – consists of net assets without donor restrictions whose use has been designated by the Board for program expansion, anticipated program deficits, capital improvements and purchase of property.
 - With donor restrictions – represents assets that are subject to donor-stipulations. When a 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.
- C. **Cash and Cash Equivalents** - Cash and cash equivalents include all highly liquid debt instruments purchased with maturities of 3 months or less that are available for operations. The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Cash and cash equivalents	\$ 1,603,055	\$ 1,949,372	\$ 3,223,548
Restricted cash	<u>50,748</u>	<u>46,120</u>	<u>41,579</u>
Total	<u>\$ 1,653,803</u>	<u>\$ 1,995,492</u>	<u>\$ 3,265,127</u>

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. **Investments** - Investments in equities, mutual funds, fixed income and other marketable securities are stated at fair value. Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.
- E. **Accounts Receivable and Allowance for Doubtful Accounts** - Accounts receivable are recorded when earned. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. As of December 31, 2019 and 2018, MHA determined that an allowance of \$585,391 and \$870,735, respectively, was necessary for accounts receivable. Such estimates are based on management's assessment of the aged basis of its government funding sources, current economic conditions, creditworthiness of funders and historical experience. Accounts receivable consist of amounts due from Federal, New York State and local sources, and are more fully detailed in Note 4.
- F. **Property and Equipment** - Property and equipment is stated at cost less accumulated depreciation. MHA capitalizes property and equipment with a cost of \$800 or more and a useful life greater than two years. Property and equipment purchased using government support are capitalized in accordance with the requirements of the funding source. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of their useful lives or the lease term.
- G. **Consumer Funds** - MHA holds these funds as an agent of the consumers in the residential programs of MHA and other providers and the funds are expended at the direction of the consumers for their personal needs. MHA has signatory authority over most consumer funds.
- H. **Revenues from Government Sources** - Revenue from government agency contracts is recorded as earned pursuant to the terms of the contracts. Revenue earned based on achievement of performance objectives is recognized when the objectives have been achieved. Earned revenue yet to be billed under contract terms in excess of advances is reported as earned but unbilled receivables. Advances received from government agencies in excess of expenditures incurred for a contract still in progress are reported as government contract advances. Advances in excess of expenditures for completed contracts are reported as due to government agencies.

Government grants are nonexchange transactions accounted for under ASU 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Governmental grants are recognized as revenue when barriers within the contract are overcome and there is no longer a right of return and amounted to \$1,490,182 and \$1,697,990 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, and 2018, MHA had no conditional grants and contracts from government agencies that have not been recorded in the accompanying financial statements.

- I. **Service Revenues** - The current Medicaid and other third-party payor programs are based on complex laws and regulations. Revenue is recognized based on established rates or contracts for the services provided. Non-compliance with such laws and regulations could result in fines, penalties and exclusion from such programs. MHA is not aware of any allegations of noncompliance that could have a material adverse effect on the financial statements and believes that it is in compliance with applicable laws and regulations.

MHA bills government agencies, third-party payors and individuals after the services are performed or has completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance obligations are determined based on the nature of the services provided by MHA in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. MHA 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 month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2019. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. MHA determines the transaction price based on established rates and contracts for services provided. Program service fees consist of revenues for the following programs:

MH Houses	\$	3,542,492
Health Homes – Care Coordination		1,636,532
OPWDD Houses		1,417,594
PROS Services		1,279,148
Other Programs		<u>396,063</u>
	\$	<u>8,271,829</u>

- J. **Contributions and Grants** - Contributions and grants, including cash and in-kind contributions, are recorded as revenue at their fair value when received or when an unconditional promise or award is received. MHA reports such transactions as support without donor restrictions unless they are received with donor stipulations that limit the use of the contribution or grant, in which case they are reported as support with donor restrictions.

- K. **Operating leases** - Operating lease expense has been recorded on the straight-line basis over the life of the lease. MHA's policy is to reflect rent expense on the straight-line basis. However, no adjustment was made to record deferred rent as it had no material effect on the financial statements.

- L. **Functional Expense Allocation** - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, amortization and interest and insurance which are allocated on square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology and other, which are allocated on the basis of time and effort.

- M. **Use of Estimates** - The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual amounts could differ from those estimates.

- N. **Measure of Operations** - MHA includes in its definition of operations all revenues and expenses associated with the care of its clients. Contributions (including United Way, community chests and individual), membership dues, special events, fundraising expenses, nonrecurring items and the investment return are excluded from the measure of operations.

- O. **Noninterest Loans** - U.S. GAAP requires that when a not-for-profit organization receives or makes loans of cash that carry interest rates below the prevailing market rate, the imputed interest be recorded as contributions received or paid, respectively. Unless material, interest on loans with below the market interest rates is not imputed.

**THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. **Adoption of New Accounting Standards** - In November 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*, to address diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires restricted cash or restricted cash equivalents to be included in the beginning-of-period and end-of-period total amounts on the statements of cash flows. MHA adopted the new guidance retrospectively as of January 1, 2018. As a result, the beginning-of-period amount reported on the statement of cash flows increased by \$41,579 to include amounts previously reported as restricted cash. The adoption of this ASU did not affect net assets as previously reported.

FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) was also adopted by MHA for the year ended December 31, 2019. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as described in Note 2H.

FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) was adopted by MHA for the year ended December 31, 2019. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as described in Note 2I.

NOTE 3—LIQUIDITY AND AVAILABILITY

MHA regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, MHA considers all expenditures related to its ongoing activities of programs and funding through the Nassau County Office of Mental Health, Chemical Dependency, and Developmental Disabilities Services, the OMH, United States Department of Housing and Urban Development, and the OPWDD.

Financial assets available for general expenditures, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,603,055
Accounts receivable, net	1,222,671
Investments	<u>4,060,193</u>
	6,885,919
Less: Investments with Board designations	<u>(3,611,597)</u>
	<u>\$ 3,274,322</u>

In addition to financial assets available to meet general expenditures over the next 12 months, MHA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by funding sources.

MHA’s governing board has designated a portion of its resources without donor restrictions. Those amounts are identified as board-designated in the table above. These funds are invested for long-term appreciation and current income, but remain available and may be spent at the discretion of the Board for program expansion, anticipated program deficits, capital improvements and purchase of property.

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4—ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Medicaid and Medicare	\$ 930,517	\$ 1,618,227
Government contracts	640,536	1,033,578
Earned but unbilled government contracts	-	41,867
Other	<u>237,009</u>	<u>332,994</u>
Subtotal	1,808,062	3,026,666
Less: Allowance for doubtful accounts	<u>(585,391)</u>	<u>(870,735)</u>
	<u>\$ 1,222,671</u>	<u>\$ 2,155,931</u>

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following as of December 31 and were classified as Level 1 in the fair value hierarchy (as defined below) as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 121,339	\$ 190,378
Equities	1,924,697	1,472,543
Mutual fund - managed futures	88,610	110,034
Fixed income		
Corporate - U.S.	1,115,258	1,002,038
U.S. Government	<u>810,289</u>	<u>736,429</u>
Total investments	<u>\$ 4,060,193</u>	<u>\$ 3,511,422</u>

Investments are subject to market volatility that could change their carrying value in the near term.

Investment activity consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 105,075	\$ 90,745
Unrealized gain (loss)	<u>497,792</u>	<u>(217,524)</u>
	602,867	(126,779)
Less: Investment fees	<u>(36,437)</u>	<u>(35,803)</u>
	<u>\$ 566,430</u>	<u>\$ (162,582)</u>

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

**THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

In determining fair value, MHA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in equities, mutual funds and fixed income are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets.

MHA's policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. During the years ended December 31, 2019 and 2018, no such transfers between fair value levels occurred.

NOTE 6—PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Land	\$ 524,185	\$ 824,185	-
Buildings and building improvements	7,934,392	9,061,314	10-25 Years
Equipment and vehicles	656,786	642,623	4-10 Years
Construction in progress	<u>166,135</u>	<u>44,647</u>	-
Total cost	9,281,498	10,572,769	
Less: accumulated depreciation	<u>(5,236,473)</u>	<u>(5,604,558)</u>	
Net book value	<u>\$ 4,045,025</u>	<u>\$ 4,968,211</u>	

For the years ended December 31, 2019 and 2018, depreciation expense amounted to \$406,598 and \$436,336, respectively. During the year ended December 31, 2019, MHA disposed \$3,095 of fully depreciated assets and sold property and equipment with an original cost of \$1,461,244 and accumulated depreciation of \$771,588 due to transfer of the residential program. The sale resulted in net loss of \$13,587.

As of December 31, 2019 and 2018, construction in progress consists primarily of the initial costs related to the reconstruction of Garvey Community Residence necessitated as a result of a fire in 2015. The estimated additional cost to retrofit the residence due to the fire amounts to approximately \$395,000, of which at least \$190,000 will be covered by insurance proceeds already received. The project commenced in October 2019 and should be completed in September 2020. The insurance proceeds are included in the due to funding sources and deferred revenue in the accompanying statements of financial position in the amounts of approximately \$79,000 and \$167,000 as of December 31, 2019 and 2018, respectively.

Certain property and equipment of MHA is held as collateral for MHA's indebtedness as further described in Note 8 to the financial statements.

NOTE 7—DUE TO FUNDING SOURCES AND DEFERRED REVENUE

MHA has entered into contracts with OPWDD. OPWDD has advanced monies for state-paid reimbursable items and day habilitation programs. OPWDD has also charged MHA with a facility assessment tax as part of the operation of the program. MHA agreed to pay back these advances out of Medicaid monies. As of December 31, 2019 and 2018, \$50,296 and \$152,426, respectively, is due to OPWDD.

This liability also includes amount due to OMH which represents certain funds received from OMH and Medicaid as part of the reimbursement for its programs. The liability arises from limits within the reimbursement methodology and could be recouped from future payments from OMH.

Deferred revenue represents the funds advanced by OMH through Nassau County for MHA's contracts with these funding sources, for which MHA has not yet met the grant conditions. Should these conditions not be met, these funds would then be due back to the funding sources.

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8—LOANS AND MORTGAGES PAYABLE

	2019	2018
A. <u>16 Main Street, Hempstead</u>		
In August 2015, MHA refinanced its mortgage and obtained a tax-exempt bond in the amount of \$1,847,000 from Suffolk County National Bank. The mortgage is payable in monthly payments of interest plus a fixed payment based on a 19-year amortization of principal at \$4,000 per month. The monthly principal payment will be reset after ten years. The mortgage matures in June 2034 and it is collateralized by the building and building improvements in Hempstead, NY. Interest is charged at 2.91%.	\$ 1,606,000	\$ 1,663,000
B. <u>16 Main Street, Hempstead</u>		
In August 2015, MHA refinanced its mortgage and obtained a taxable bond in the amount of \$81,000 from Suffolk County National Bank. This mortgage, payable monthly, matures in 2020 and bears interest at 3.71%. The property is collateralized by the land and building in Hempstead, New York.	12,000	36,000
C. <u>3 Ellen Street, Massapequa</u>		
This mortgage, payable monthly, is held by the Community Preservation Corporation, matures in 2030 and bears interest at 7.21%. The property is collateralized by the land and building in Massapequa, New York.	202,753	215,944
D. <u>40 Titus Road, Glen Cove</u>		
This mortgage, payable monthly, held by HSBC Bank USA, National Association, matures in December 2024 and bears interest at 7.92%. The property is collateralized by the land and building located in Glen Cove, New York. The property was sold in 2019 and the mortgage was repaid.	-	666,863
E. <u>Vehicle Loans</u>		
MHA entered into a vehicle loan with Toyota Financial Services in the amount of \$24,331 payable in equal monthly installments of interest and principal of \$406 which commenced in June 2017 and matures in May 2022 and bears no interest.	11,354	16,220
MHA entered into a vehicle loan with Toyota Financial Services in the amount of \$25,080 payable in equal monthly installments of interest and principal of \$717 which commenced in August 2016 and matures in August 2022 and bears no interest.	10,789	14,969
	1,842,896	2,612,996
Unamortized debt issuance costs	(107,061)	(113,752)
Loans and mortgages payable, net	\$ 1,735,835	\$ 2,499,244

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 8—LOANS AND MORTGAGES PAYABLE (Continued)

Principal payments on long-term loans and mortgages for the year ended subsequent to December 31, 2019 are as follows:

	Loans and Mortgages	Vehicle Loans	Total
2020	\$ 96,280	\$ 9,046	\$ 105,326
2021	111,345	9,046	120,391
2022	112,488	4,051	116,539
2023	116,717	-	116,717
2024	121,038	-	121,038
Thereafter	<u>1,262,885</u>	<u>-</u>	<u>1,262,885</u>
	<u>\$ 1,820,753</u>	<u>\$ 22,143</u>	<u>\$ 1,842,896</u>

The interest expense for the years ended December 31, 2019 and 2018 amounted to \$113,613 and \$129,199, respectively.

NOTE 9—COMMITMENTS AND CONTINGENCIES

A. MHA is obligated, pursuant to operating lease agreements, for approximate future minimum annual rent for real property as follows for the years ending after December 31, 2019:

2020	\$ 337,956
2021	<u>36,630</u>
	<u>\$ 374,586</u>

Rent expense amounted to \$786,853 and \$796,736 for the years ended December 31, 2019 and 2018, respectively.

B. Pursuant to MHA's contractual relationships with certain governmental funding sources, governmental agencies have the right to examine the books and records of MHA involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

C. MHA is a defendant in various legal actions arising out of the normal course of its operations. The final outcome of such actions cannot be determined at this time. Eventual liability, if any, is likely to be covered by insurance except where the applicable insurance policies expressly exclude certain coverage which arguably relates to the claims.

D. MHA believes it has no uncertain tax positions as of December 31, 2019 and 2018 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 10—NET ASSETS

Net assets without donor restrictions include designations by the Board of Directors for program expansion, anticipated program deficits, capital improvements, purchase of property and collateral. Change in board designated net assets are as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 3,412,540	\$ 3,583,326
Interest and dividends	84,622	78,073
Net gain (loss) on investments	495,297	(213,601)
Transfer in	256	-
Undesignated by the Board	(345,000)	-
Investment fees	<u>(36,118)</u>	<u>(35,258)</u>
Ending balance	<u>\$ 3,611,597</u>	<u>\$ 3,412,540</u>

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
Family resource center	\$ 16,412	\$ 16,412

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2019</u>	<u>2018</u>
OPWDD site client activities	\$ -	\$ 1,384
Program software upgrade	-	520
Training programs	<u>-</u>	<u>114</u>
	<u>\$ -</u>	<u>\$ 2,018</u>

NOTE 11—RESTRICTED CASH

MHA is required by OMH to deposit in a cash equivalent interest-bearing account an amount equal to the difference between the reimbursement attributable to depreciation on MHA's financed real property and MHA's principal repayment obligations on indebtedness attributable to such real property. MHA may expend the funds in such account, including accrued interest, to retire all or a portion of the indebtedness attributable to such real property or for building improvements and/or fixed equipment necessary to the facility. These accounts total \$50,748 and \$46,120 as of December 31, 2019 and 2018, respectively.

NOTE 12—PENSION PLAN

MHA's employees are covered under a noncontributory discretionary defined contribution pension plan. Contributions to the plan are based on 7.5% of each covered employee's salary through June 30, 2011. The Board suspended contributions to the plan as of July 1, 2011. No further contributions have been made for periods after June 30, 2011. In order to participate in the plan, the employee must perform 1,000 hours of service and must be employed for a minimum of one year. Participants are fully vested in the plan after six years of employment. There was no pension expense for the years ended December 31, 2019 and 2018.

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 13—CONCENTRATIONS

- A. Cash and cash equivalents that potentially subject MHA to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits by approximately \$4,122,000 and \$3,928,000 as of December 31, 2019 and 2018, respectively, at two banks. This excess includes outstanding checks. Cash accounts with participating banks are insured up to \$250,000 per depositor.
- B. MHA is highly dependent on Medicaid and Medicare, and government contracts for the funding of its programs. Accounts receivable from those sources represent 87% and 88% of gross accounts receivable as of December 31, 2019 and 2018, respectively. Revenue derived from such sources represent 91% and 89% for the years ended December 2019 and 2018, respectively.

NOTE 14—RELATED-PARTY TRANSACTIONS

A member of the Board of Directors is employed by the insurance agency that is the broker of record for MHA's insurance policies. The insurance agency received approximately \$72,000 and \$93,000 of indirect compensation in connection with its services for the years ended December 31, 2019 and 2018, respectively.

MHA is the sponsor of Clinton Residence, Inc. (“Clinton”) and Haypath Residence, Inc. (“Haypath”) HUD projects. MHA provides certain administrative services to Clinton and Haypath. The amounts due from Clinton and Haypath as of December 31 are as follows:

	2019	2018
Clinton	\$ 231,637	\$ 227,485
Haypath	213,914	221,346
Subtotal	445,551	448,831
Less: Allowance for doubtful accounts	(220,333)	(220,333)
	\$ 225,218	\$ 228,498

The non-interest bearing account balances with Clinton and Haypath have no stated repayment terms and will be settled as funds become available from operations.

MHA charged Haypath a management fee of \$6,936 and \$6,336 in each of the years ended December 31, 2019 and 2018.

NOTE 15—WORKERS’ COMPENSATION ASSESSMENT

In 1997, MHA joined the Community Residence Insurance Savings Plan Self-Insurance Trust for workers' compensation (CRISP). The trust was terminated by the New York State Workers Compensation Board in January 2011. Pursuant to the trust agreement, MHA paid a portion of its annual premium at the beginning of each calendar year, and paid the balance as claims were incurred, subject to a yearly maximum. To the extent MHA's incurred claim costs exceeded the yearly maximum, such excess costs became the general obligation of CRISP. There were 458 agencies originally participating in the Trust.

A forensic audit of the Trust was commissioned by the New York State Workers Compensation Board (WCB). As of March 2013, CRISP's loss runs reflected that there were 361 remaining open CRISP claims reserved at \$60,715,450. Based on the Trust's deficit, the WCB terminated CRISP on or about January 2011 and assumed trust administration and claim run-off. The WCB calculated the deficit incurred in each year of trust operation and allocated the deficit to each trust member on a pro rata basis, determined by the member's annual contribution relative to total contributions of all CRISP members in that year. However, the WCB takes the position that each member may be held jointly and severally liable up to the full amount of the CRISP deficit.

THE MENTAL HEALTH ASSOCIATION OF NASSAU COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 15—WORKERS' COMPENSATION ASSESSMENT (Continued)

In May 2016, the WCB provided a settlement agreement indicating MHA's net final pro rata allocation to be \$243,648. MHA chose the ten-year, monthly payment option that bears 3% interest. Under this option, MHA commenced making monthly payments of \$2,353 on July 15, 2016 which will continue until June 15, 2026.

As of December 31, 2019 and 2018, the liability related to CRISP amounted to \$162,787 and \$185,769, respectively.

NOTE 16—SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 13, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. MHA could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on MHA's mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, MHA cannot predict the extent to which its financial condition and results of operations will be affected.

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to MHA's employees. MHA applied for this loan through an SBA authorized lender and received approximately \$1,060,000 in April 2020.