



*RIVERDALE MENTAL HEALTH ASSOCIATION, INC.  
d/b/a MOSAIC MENTAL HEALTH*

*FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT*

*FOR THE YEARS ENDED JUNE 30, 2022 AND 2021*

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**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
***d/b/a MOSAIC MENTAL HEALTH***

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021  
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**CERINI**  
*&*  
**ASSOCIATES** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Riverdale Mental Health Association, Inc. d/b/a Mosaic Mental Health  
5676 Riverdale Avenue  
Bronx, New York 10471

### *Opinion*

We have audited the financial statements of the Riverdale Mental Health Association, Inc. d/b/a Mosaic Mental Health ("Mosaic," a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mosaic as of June 30, 2022 and 2021, 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 ("U.S. GAAP").

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Mosaic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mosaic's ability to continue as a going concern for one year after the date that the financial statements are issued.

## *Auditors' Responsibilities for the Audits of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mosaic'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 Mosaic'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Cerini & Associates LLP*

Bohemia, New York  
January 26, 2023

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30,**

	2022	2021
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents.....	\$ 853,773	\$ 727,298
Accounts receivable:		
Clinical services, net of allowance for doubtful accounts.....	462,472	455,262
Grants and contracts.....	1,300,156	919,663
Other receivables.....	2,152	-
Prepaid expenses and other current assets.....	757,789	330,594
	<b>TOTAL CURRENT ASSETS</b>	<b>2,432,817</b>
Property and equipment, net of accumulated depreciation and amortization.....	558,881	592,142
Security deposits.....	104,780	110,517
	<b>TOTAL ASSETS</b>	<b>\$ 3,135,476</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Current portion of Paycheck Protection Program loans payable.....	\$ -	\$ 701,219
Accounts payable and accrued expenses.....	483,471	281,833
Due to third parties.....	1,226,272	769,331
Deferred revenue.....	47,628	207,683
	<b>TOTAL CURRENT LIABILITIES</b>	<b>1,960,066</b>
Paycheck Protection Program loans payable, net of current portion.....	-	694,749
Deferred rent liability.....	119,367	157,626
	<b>TOTAL LIABILITIES</b>	<b>2,812,441</b>
<b>Net Assets:</b>		
Without donor restrictions.....	2,163,265	323,035
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,135,476</b>

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

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30,**

**2022**

**2021**

**OPERATING SUPPORT AND REVENUE:**

Grants and contracts.....	\$ 2,486,989	\$ 2,414,702
Clinic fees - mental health, substance abuse, and crisis respite.....	3,149,651	2,713,532
Residential program fees.....	175,251	180,913
Contributions.....	241,750	255,520
In-kind contributions.....	11,901	193,000
Special events, net of direct expenses.....	177,498	26,450
Other.....	3,409	3,920
	<b>6,246,449</b>	<b>5,788,037</b>

**TOTAL OPERATING SUPPORT AND REVENUE**

**OPERATING EXPENSES:**

**Program Services:**

Mental health.....	1,140,182	1,520,350
Substance abuse.....	236,423	192,571
Supported housing.....	1,199,260	1,132,630
PROS.....	599,871	708,889
Vocational.....	228,358	266,833
Crisis respite.....	1,531,253	981,003
	<b>4,935,347</b>	<b>4,802,276</b>

**TOTAL PROGRAM SERVICES**

**Supporting Services:**

Management and general.....	1,082,813	1,142,305
Fundraising.....	103,004	88,633
	<b>1,185,817</b>	<b>1,230,938</b>

**TOTAL SUPPORTING SERVICES**

**TOTAL OPERATING EXPENSES**

**CHANGE IN NET ASSETS FROM OPERATIONS**

**NON-OPERATING REVENUE/(EXPENSE):**

Investment income.....	781	2
Funding source recovery, net.....	(458,225)	(134,436)
Paycheck Protection Program loan forgiveness income.....	1,400,065	-
Employee Retention Tax Credits.....	740,506	305,998
Other income.....	31,818	190,388
	<b>1,714,945</b>	<b>361,952</b>

**TOTAL NON-OPERATING REVENUE/(EXPENSE)**

**CHANGE IN NET ASSETS**

Net assets, beginning of year.....	323,035	206,260
Net assets, end of year.....	<b>\$ 2,163,265</b>	<b>\$ 323,035</b>

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

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services							Supporting Services			Total
	Mental Health	Substance Abuse	Supported Housing	PROS	Vocational	Crisis Respite	Total	Management and General	Fundraising	Total	Operating Expenses
Salaries.....	\$ 882,489	\$ 163,172	\$ 291,485	\$ 349,292	\$ 148,200	\$ 720,683	\$ 2,555,321	\$ 444,043	\$ 74,846	\$ 518,889	\$ 3,074,210
Payroll taxes.....	77,716	14,064	21,724	29,641	12,441	68,350	223,936	39,418	6,831	46,249	270,185
Employee benefits.....	35,533	17,276	9,650	22,837	13,806	29,699	128,801	41,152	-	41,152	169,953
Occupancy costs.....	68,402	24,532	754,737	131,921	39,577	27,596	1,046,765	19,345	-	19,345	1,066,110
Office expenses.....	9,316	2,687	1,388	3,028	1,096	12,251	29,766	30,164	3,841	34,005	63,771
Professional fees.....	2,000	4,489	-	-	-	104,231	110,720	338,387	-	338,387	449,107
Dues, registration, and travel.....	1,399	635	6,879	369	-	3,926	13,208	10,973	954	11,927	25,135
Interest expense.....	-	-	-	-	-	-	-	-	4,098	4,098	4,098
Program expenses.....	49	350	70,773	740	-	85,485	157,397	8,927	4,373	13,300	170,697
Information and technology.....	17,405	1,813	4,044	10,918	25	18,229	52,434	34,495	341	34,836	87,270
Repairs and maintenance.....	12,546	3,031	15,791	17,282	5,161	374,113	427,924	9,616	-	9,616	437,540
Minor equipment and furniture.....	-	-	-	-	-	26,485	26,485	-	-	-	26,485
Insurance.....	22,634	4,374	20,148	18,002	3,300	29,611	98,069	9,199	7,720	16,919	114,988
Depreciation and amortization.....	10,693	-	-	15,841	4,752	30,594	61,880	1,980	-	1,980	63,860
Bad debt expense.....	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses.....	-	-	2,641	-	-	-	2,641	95,114	-	95,114	97,755
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,140,182</b>	<b>\$ 236,423</b>	<b>\$ 1,199,260</b>	<b>\$ 599,871</b>	<b>\$ 228,358</b>	<b>\$ 1,531,253</b>	<b>\$ 4,935,347</b>	<b>\$ 1,082,813</b>	<b>\$ 103,004</b>	<b>\$ 1,185,817</b>	<b>\$ 6,121,164</b>

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services						Supporting Services			Total	
	Mental Health	Substance Abuse	Supported Housing	PROS	Vocational	Crisis Respite	Total	Management and General	Fundraising	Total	Operating Expenses
Salaries.....	\$ 1,028,815	\$ 111,936	\$ 252,415	\$ 325,030	\$ 138,490	\$ 617,365	\$ 2,474,051	\$ 455,281	\$ 70,808	\$ 526,089	\$ 3,000,140
Payroll taxes.....	95,854	8,878	21,029	28,347	11,129	58,701	223,938	42,971	6,095	49,066	273,004
Employee benefits.....	34,911	4,877	19,572	17,402	17,087	36,725	130,574	21,602	-	21,602	152,176
Occupancy costs.....	195,540	53,016	660,417	290,291	87,087	11,003	1,297,354	13,492	-	13,492	1,310,846
Office expenses.....	26,815	1,085	4,360	5,846	2,297	8,988	49,391	4,907	865	5,772	55,163
Professional fees.....	2,825	-	-	-	-	28,200	31,025	542,422	-	542,422	573,447
Dues, registration, and travel.....	2,048	1,728	5,811	110	-	6,666	16,363	10,962	2,367	13,329	29,692
Interest expense.....	-	-	-	-	-	-	-	10,223	-	10,223	10,223
Program expenses.....	2,582	65	93,088	618	169	78,823	175,345	1,752	33	1,785	177,130
Information and technology.....	57,081	4,056	2,418	8,654	3,365	10,619	86,193	10,794	2,007	12,801	98,994
Repairs and maintenance.....	10,561	2,479	41,842	14,164	4,249	74,075	147,370	611	-	611	147,981
Minor equipment and furniture.....	-	-	-	-	-	-	-	-	-	-	-
Insurance.....	22,707	4,451	15,033	18,427	2,960	19,683	83,261	10,818	6,458	17,276	100,537
Depreciation and amortization.....	40,552	-	-	-	-	29,832	70,384	-	-	-	70,384
Bad debt expense.....	-	-	2,925	-	-	-	2,925	-	-	-	2,925
Miscellaneous expenses.....	59	-	13,720	-	-	323	14,102	16,470	-	16,470	30,572
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,520,350</b>	<b>\$ 192,571</b>	<b>\$ 1,132,630</b>	<b>\$ 708,889</b>	<b>\$ 266,833</b>	<b>\$ 981,003</b>	<b>\$ 4,802,276</b>	<b>\$ 1,142,305</b>	<b>\$ 88,633</b>	<b>\$ 1,230,938</b>	<b>\$ 6,033,214</b>



**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets.....	\$ 1,840,230	\$ 116,775
<u>Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:</u>		
Depreciation and amortization.....	63,860	70,384
Bad debt expense.....	-	2,925
Deferred rent liability.....	(38,259)	133,883
Accrued interest on Paycheck Protection Program loans payable.....	4,097	9,960
Paycheck Protection Program loans forgiveness income.....	(1,400,065)	-
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable - clinical services.....	(7,210)	(95,064)
Accounts receivable - grants and contracts.....	(380,493)	(357,684)
Accounts receivable - other receivables.....	(2,152)	8,082
Prepaid expenses and other current assets.....	(427,195)	(324,744)
Security deposits.....	5,737	(15,714)
Accounts payable and accrued expenses.....	201,638	(161,794)
Due to third parties.....	456,941	(124,116)
Deferred revenue.....	(160,055)	207,683
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	157,074	(529,424)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchases of property and equipment.....	(30,599)	-
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loans payable.....	-	692,473
Net change in cash and cash equivalents.....	126,475	163,049
Cash and cash equivalents, beginning of year.....	727,298	564,249
Cash and cash equivalents, end of year.....	<u>\$ 853,773</u>	<u>727,298</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest.....	<u>\$ -</u>	<u>\$ 263</u>

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

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Riverdale Mental Health Association, Inc. d/b/a Mosaic Mental Health (hereinafter “Mosaic”) is presented to assist in understanding Mosaic’s financial statements. The financial statements and notes are representations of Mosaic’s management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”) and have been consistently applied in the preparation of the financial statements.

**Organization**

Mosaic, founded in 1959, provides clinical treatment; continuing day treatment; critical time intervention; substance abuse treatment; apartment treatment; supervised and supported housing services; vocational services for individuals with mental health disabilities; and personalized recovery oriented services (“PROS”). Mosaic operates a crisis respite center in the Bronx, New York. Mosaic also provides services for children and adolescents at several school sites in the community. Mosaic provides services from its offices located in the Bronx, New York. During the year ended June 30, 2018, Mosaic filed its d/b/a that was approved by New York State.

**New Accounting Pronouncements**

Effective for the year ending June 30, 2023, Mosaic will be required to adopt Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 842, *Leases*, for all material, long-term operating leases. Under this new accounting pronouncement, Mosaic will recognize a right-of-use asset and a lease liability calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the lease commencement date. The right-of-use asset will initially be equal to the lease liability plus any initial direct costs and prepaid lease payments, less any lease incentives received. Under this approach, amortization of right-of-use assets will be charged to occupancy costs, which will be recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which the use benefit is derived from the leased property, in which case that basis will be used.

During the year ended June 30, 2022, Mosaic adopted FASB Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under this accounting pronouncement, Mosaic presents contributed nonfinancial assets as a separate line item in the accompanying statements of activities and provides additional disclosures about contributions of nonfinancial assets. These additional disclosures include qualitative information about whether contributed nonfinancial assets were either monetized or utilized during the reporting period, a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, and a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition.

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Tax Status**

Mosaic is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Donors may deduct contributions made to Mosaic within the requirements of the Internal Revenue Service ("IRS").

Mosaic evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions taken during the years ended June 30, 2022 and 2021.

Mosaic files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local taxing authorities. Mosaic's management has registered in all states in which it believes it is required to be registered.

**Basis of Accounting**

These financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

**Basis of Presentation**

Mosaic is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of Mosaic and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor restrictions may be perpetual in nature, whereby the donor may stipulate that the funds be maintained in perpetuity. At June 30, 2022 and 2021, Mosaic had no net assets with donor restrictions.

**Revenue Recognition and Deferred Revenue**

Clinical fees revenue from Medicaid, Medicare, Managed Care Organizations ("MCOs"), commercial insurance providers, and other third-party payers are recognized at approved rates on a per unit basis when Mosaic satisfies its performance obligations under contracts by transferring services to individuals. Mosaic's performance obligations include providing clinical treatment, apartment treatment, vocational, PROS, and crisis respite services to individuals with mental health disabilities. The transaction prices are based on established charges for services provided set by the New York State Office of Mental Health ("OMH"), New York State Office of Addiction Services and Supports ("OASAS"), New York State Education Department ("SED"), New York State Department of Health ("DOH"), or on a sliding fee scale for self-pay individuals.

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition and Deferred Revenue (continued)***

Performance obligations for all of Mosaic’s clinical fees services are provided and consumed at points in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

Revenue under Medicaid, Medicare, and other third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction prices for providing services using the most likely outcome method.

These settlements are estimated based on the terms of the payment agreements with the payers, correspondence from the payers, and historical settlement activity, including assessments to ensure that it is probable that significant reversals in the amount of cumulative revenue recognized will not occur when the uncertainties associated with the retroactive adjustments are subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the years of settlement.

Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Supported housing residential program fees are recorded based upon occupied units. This funding stream is funded entirely by residents. Recognition of revenue from government grants, contributions, and private foundation grants is treated in accordance with the policies set forth in the “Contributions” policy note below.

Disaggregation of clinic fees revenue by program and payer are as follows for the year ended June 30, 2022:

Payer	Mental Health	Substance Abuse	Supported Housing	PROS	Crisis Respite	Total
Medicaid.....	\$ 102,659	\$ 1,557	\$ 331,944	\$ 383,611	\$ 7,753	\$ 827,524
MCOs.....	878,895	21,009	81,825	354,452	724,055	2,060,236
Medicare.....	41,704	-	-	2,037	-	43,741
Other.....	205,997	4,203	204	504	7,242	218,150
Total.....	\$ 1,229,255	\$ 26,769	\$ 413,973	\$ 740,604	\$ 739,050	\$ 3,149,651

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition and Deferred Revenue (continued)**

Disaggregation of clinic fees revenue by program and payer are as follows for the year ended June 30, 2021:

Payer	Mental Health	Substance Abuse	Supported Housing	PROS	Crisis Respite	Total
Medicaid.....	\$ 42,346	\$ 202	\$ 350,780	\$ 288,819	\$ 2,789	\$ 684,936
MCOs.....	385,453	19,327	(13,612)	178,348	192,184	761,700
Medicare.....	48,414	-	-	166	-	48,580
Other.....	977,374	16,095	5,341	246,540	(27,034)	1,218,316
Total.....	\$ 1,453,587	\$ 35,624	\$ 342,509	\$ 713,873	\$167,939	\$ 2,713,532

**Contributions**

Contributions are recognized when donors make promises to give to Mosaic that are, in substance, unconditional. At the time such promises are made, contributions receivable are recorded. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions received are recognized as deferred revenue until donor-imposed conditions are met, at which time the contributions are recognized as revenue.

Mosaic's government grants and contracts are considered conditional contributions. Mosaic recognizes revenue from government grants and contracts as revenue up to contracted levels when eligible costs are incurred, or services are provided. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue and refundable advances are recorded when cash advances exceed support and revenue earned. Revenue received under government grants is restricted as to the use specified in the grant agreement. Grant contracts are generally expended within a one-year cycle.

**Cash and Cash Equivalents**

Mosaic considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Pursuant to contracts with OMH, Mosaic is required to maintain cash in separate bank accounts for several of the programs it operates.

Mosaic maintains cash and investments in bank accounts which are insured by the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC"). From time to time, Mosaic may have cash on deposit and investments with financial institutions that are in excess of FDIC and SIPC limits.

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
**d/b/a MOSAIC MENTAL HEALTH**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounts Receivable, Net**

Grants and contracts receivable consist of amounts due from state and local agencies and private foundations for various mental health and supervised supported housing programs. Clinic fees receivable consist of amounts due from New York State, MCOs, and commercial insurance providers for mental health services billed under its various state certified mental health programs. Mosaic uses the allowance method to estimate uncollectible receivables. Receivables are charged to bad debt expense when management deems the possibility of collecting amounts due is unlikely. At June 30, 2022 and 2021, an allowance for doubtful accounts in the amounts of \$74,360 and \$118,145, respectively, was established.

**Estimates**

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

**Property and Equipment**

Property and equipment are stated at original cost or estimated fair value if donated. Maintenance and repairs are charged to expense and betterments valued at more than \$5,000 are capitalized. Depreciation is computed using the straight-line method over each asset's estimated useful life or the shorter of the lease term or estimated useful life with respect to leasehold improvements. Estimated useful lives are as follows:

Building and renovations.....	25 years
Leasehold improvements.....	5-10 years
Furniture and fixtures.....	5-7 years
Equipment and software.....	5 years

**Functional Expenses**

The costs of providing services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, the direct costs of providing programs have all been allocated to program services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support of Mosaic.

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Expenses (continued)**

The material expenses that are allocated, and their respective allocation methods, include the following:

- Salaries - Time and effort
- Payroll taxes - Time and effort
- Occupancy costs - Square footage
- Professional fees - Purpose
- Repairs and maintenance - Purpose

**Advertising**

Mosaic primarily uses advertising to seek qualified individuals to provide various program and administrative services. The production costs of advertising are expensed as incurred, and are reflected in the accompanying statements of functional expenses.

**Special Events**

Mosaic holds fundraising events to provide additional support for its operations. Revenue from these events is recorded when performance obligations are met, at the time each event takes place. Costs incurred for which a donor receives a direct benefit are considered exchange transactions and are offset against the revenue earned. Other costs related to the event for which the donor does not receive a direct benefit are classified as fundraising costs in the accompanying statements of functional expenses.

**Donated Services**

Mosaic benefits from volunteer services in program, fundraising, and administrative duties from Board members and other volunteers. Donated services are recorded at their estimated fair values at the dates of donation.

For the year ended June 30, 2022, Mosaic recorded donated legal services with an estimated fair value of \$11,901 in in-kind contributions within the accompanying statement of activities, and in professional fees within the accompanying statement of functional expenses for the year then ended.

For the year ended June 30, 2021, Mosaic recorded donated accounting and legal services with an estimated fair value of \$193,000 in in-kind contributions within the accompanying statement of activities, and in professional fees within the accompanying statement of functional expenses for the year then ended.

**Compensated Absences**

Employees of Mosaic are entitled to paid vacation and sick days. It is Mosaic's policy that employees use all accrued unused vacation time earned during the fiscal year within three months after the fiscal year-end or they must forfeit this unused vacation time without compensation.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences (continued)**

Upon termination, employees are paid for any unused vacation time but not for unused sick time. The accumulated leave accrual at June 30, 2022 and 2021 amounted to \$53,967 and \$28,490, respectively, and is included in accounts payable and accrued expenses in the accompanying statements of financial position.

**Subsequent Events**

Mosaic has evaluated events and transactions that occurred between July 1, 2022 and January 26, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**Reclassification**

Funding source recovery expense for the year ended June 30, 2021 was reclassified to conform to the current year presentation, where it is reported in non-operating revenue/expense within the accompanying statement of activities.

**NOTE 2 - CONCENTRATIONS OF RECEIVABLES**

At June 30, 2022 and 2021, approximately 91% and 89% of outstanding receivables from clinical services were due from Medicaid and MCOs, respectively. At June 30, 2022 and 2021, approximately 9% and 11% of outstanding receivables from clinical services were due from SED, respectively. At June 30, 2022 and 2021, 100% and 99% of grants and contracts receivable were due from New York State and local agencies in connection with various programs, respectively.

**NOTE 3 - CONCENTRATIONS OF REVENUE**

For both of the years ended June 30, 2022 and 2021, Mosaic received approximately 36% of its grant and contract revenue from OMH. For the years ended June 30, 2022 and 2021, Mosaic received approximately 53% and 35% of its grant and contract revenue from the New York City Department of Health and Mental Hygiene ("DOHMH"), respectively. For both of the years ended June 30, 2022 and 2021, Mosaic received approximately 25% of its clinical fees for mental health services from Medicaid, with the remainder primarily due from MCOs, Medicare, and other commercial insurers.



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**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30,:

	<b>2022</b>	<b>2021</b>
Land .....	\$ 125,000	\$ 125,000
Building and renovations.....	1,485,183	1,454,583
Leasehold improvements.....	362,371	362,371
Equipment and software.....	289,194	289,194
Property and equipment, at cost.....	2,261,748	2,231,148
Less: accumulated depreciation and amortization....	( 1,702,867)	( 1,639,006)
Property and equipment, net.....	<u>\$ 558,881</u>	<u>\$ 592,142</u>

**NOTE 5 - DUE TO THIRD PARTIES**

Due to third parties consisted of the following at June 30,:

	<b>2022</b>	<b>2021</b>
[A].....	\$ 67,908	\$ 56,731
[B] .....	267,550	415,238
[C] .....	295,508	197,134
[D].....	100,228	100,228
[E] .....	8,469	-
[F].....	486,609	-
Total.....	<u>\$ 1,226,272</u>	<u>\$ 769,331</u>

[A] In the past, Mosaic provided clinical mental health services that were reimbursed primarily under Medicaid’s Comprehensive Outpatient Programs (“COPS”). Mosaic was subject to a dollar threshold limitation for the reimbursement it could receive under COPS. Any reimbursement received in excess of this threshold was required to be returned to Medicaid subject to final review by Medicaid. From time-to-time, Mosaic exceeded the COPS threshold and was subject to Medicaid recoupments.

During the year ended June 30, 2012, OMH initiated a follow-up to a past audit performed by the Office of the Medicaid Inspector General (“OMIG”) to attempt recovery of COPS add-ons that were associated with the Medicaid payments cited in the OMIG audit, in the amount of \$1,110,801. During the year ended June 30, 2014, Mosaic submitted an appeal to OMH that was denied. Accordingly, Mosaic had accrued a liability in the amount of \$1,110,801 as of June 30, 2014, based on the status of negotiations as of the related audit report date.

**RIVERDALE MENTAL HEALTH ASSOCIATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 - DUE TO THIRD PARTIES (continued)**

After continued negotiations during the year ended June 30, 2015, Mosaic received confirmation from OMIG that the liability would be reduced to \$250,000. Mosaic reduced the liability relating to this claim accordingly as of June 30, 2015. During the year ended June 30, 2018, Mosaic reached a repayment agreement with OMIG. Repayments are currently being deducted from Mosaic's future Medicaid reimbursements and will be completed in March 2023.

[B] This balance includes amounts due to DOHMH for past contract payments that were in excess of allowable expenses incurred. Mosaic began repayments during December 2021 and expects to complete repayments during December 2024.

[C] This balance includes amounts due to OMH comprising estimates of grant and clinic fee overpayments within Mosaic's PROS program. The final amount of such liabilities and future repayment terms have not been determined as of the report date.

[D] This balance includes amounts due to OMH comprising estimates of grant overpayments within Mosaic's supported housing program. The final amount of such liabilities and future repayment terms have not been determined as of the report date.

[E] This balance includes amounts due to residents comprising estimates of overpayments within Mosaic's supported housing program. The final amount of such liabilities and future repayment terms have not been determined as of the report date.

[F] This balance includes amounts due to OMH and DOHMH comprising estimates of grant overpayments due to the receipt of COVID-19 pandemic relief funding. The final amount of such liabilities and future repayment terms have not been determined as of the report date.

**NOTE 6 - LEASES**

On February 1, 2000, Mosaic entered into a lease for its main office space in Riverdale, New York, which it expanded during March 2007. A renegotiated lease took effect on January 1, 2014, requiring base monthly rent payments of \$40,500, subject to annual escalations. Another renegotiated lease took effect on February 1, 2020, requiring base monthly rent payments to increase from \$45,600 to \$50,000, subject to annual escalations. Due to the impact of the COVID-19 pandemic, effective March 1, 2021 through May 2022, Mosaic's landlord granted a monthly rent concession of \$26,000. This lease agreement was renegotiated again with a start date of June 1, 2022 and end date of May 31, 2026, requiring base monthly payments of \$25,000, subject to 3% annual escalations through its expiration. Mosaic is also obligated to pay 17% of the building's annual utilities costs and 17% of any increase in real estate taxes on the building over the base year.

In accordance with U.S. GAAP, the rental payments required to be made by Mosaic pursuant to this lease agreement were amortized and expensed over the term of the lease on a straight-line basis. At June 30, 2022 and 2021, Mosaic had a deferred rent liability of \$119,367 and \$157,626, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 - LEASES (continued)**

In connection with its Supported Housing programs, Mosaic has entered into lease agreements for forty-one apartments. Each lease term is two years, with expiration dates ranging through February 2024. The monthly rent for each apartment ranges from approximately \$700 to \$1,950, with qualified residents contributing 30% of their monthly income towards the payment of rent.

The future minimum commitments under these leases are as follows for the years ending June 30,:

	<u>Facility</u>	<u>Housing</u>	<u>Total</u>
2023.....	\$ 300,500	\$ 520,652	\$ 821,152
2024.....	305,500	57,983	363,483
2025.....	302,318	-	302,318
2026.....	300,500	-	300,500
Total.....	<u>\$ 1,208,818</u>	<u>\$ 578,635</u>	<u>\$ 1,787,453</u>

**NOTE 7 - PENSION PLAN**

Effective June 1, 1996, Mosaic established a defined contribution retirement plan for its employees that meet certain age and service requirements. The plan provides for employee contributions and for employer contributions that are at the discretion of management. Mosaic approved an annual matching contribution of up to 5% for employees with greater than twenty years of service. During the years ended June 30, 2022 and 2021, Mosaic contributed \$14,714 and \$13,107, respectively, to the plan.

**NOTE 8 - LITIGATION**

From time-to-time Mosaic is subject to certain claims or litigation. Management of Mosaic is committed to the highest level of review and is of the opinion that any claims are either without merit or that the present insurance coverage is sufficient to meet the financial obligations, if any, arising out of such claims or litigation.

**NOTE 9 - AVAILABILITY AND LIQUIDITY**

The following represents Mosaic's financial assets at June 30,:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents.....	\$ 853,773	\$ 727,298
Clinical services receivable, net of allowance for doubtful accounts.....	462,472	455,262
Grants and contracts receivable.....	1,300,156	919,663
Other receivables.....	2,152	-
Financial assets available to meet general expenditures over the next twelve months .....	<u>\$ 2,618,553</u>	<u>\$ 2,102,223</u>

Mosaic's goal in general is to maintain financial assets to meet sixty days of operating expenses (approximately \$994,000).

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 - FINANCIAL IMPACTS RELATED TO THE COVID-19 PANDEMIC**

Mosaic received two Paycheck Protection Program (“PPP”) loans from the United States Small Business Administration (“SBA”). The first PPP loan was approved on April 29, 2020 and deposited into Mosaic’s account on May 5, 2020 for \$692,473. The second PPP loan was approved on February 4, 2021 and deposited into Mosaic’s account on February 5, 2021 for \$692,473. The first and second PPP loans were formally forgiven by the SBA as of July 16, 2021 and February 1, 2022, respectively. Mosaic accordingly recognized Paycheck Protection Program loan forgiveness income in the amount of \$1,400,065, representing total loan principal and the accrued interest on these loans, during the year ended June 30, 2022.

During the years ended June 30, 2022 and 2021, Mosaic also applied for additional Employee Retention Tax Credits (“ERTC”). Mosaic was eligible to apply and has recognized \$740,506 and \$305,998 of Employee Retention Tax Credits on the statements of activities for the years ended June 30, 2022 and 2021, respectively. Outstanding credits have been accrued and are reported within the other current assets on the statements of financial position at June 30, 2022 and 2021.

New York State has made and is exploring budget cuts, which could potentially have an adverse impact on Mosaic’s ongoing operations. However, the impact, if any, cannot be determined at this time. Management continues to monitor regulatory and reimbursement changes and will take appropriate action, as necessary, so as to preserve Mosaic’s long-term financial health.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen, which may negatively impact operating results. The full financial impact of this matter, if any, cannot be estimated at this time.

**NOTE 11 - HEALTH CARE ENTITIES**

Healthcare entities need to report “charity care,” which represents health care services that are provided to patients but are never expected to result in cash flows. Charity care is provided to a patient with demonstrated inability to pay. Charity care is different than uncompensated services because uncompensated services are services provided to patients that are expected to be paid for, though they may subsequently be written off after non-payment. Charity care is provided to patients with the intention of never getting paid for those services. For the years ended June 30, 2022 and 2021, 183 and 203 nights/units of service were provided with the expectation of being free to the patients.

Health care entities also need to report malpractice insurance claims that may exist but are not covered by Mosaic’s insurance policy. There were no such claims for the years ended June 30, 2022 or 2021 for Mosaic.