

**NATIONAL ALLIANCE ON MENTAL
ILLNESS OF NEW YORK CITY, INC.**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2015 AND 2014

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Alliance on Mental Illness of New York City, Inc.

We have audited the accompanying financial statements of National Alliance on Mental Illness of New York City, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Alliance on Mental Illness of New York City, Inc. as of June 30, 2015 and 2014, 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.

Lotz + Carr, LLP

New York, New York
February 16, 2016

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash (Note 8)	\$ 451,415	\$ 480,057
Investments and cash and cash equivalents held for investment (Notes 1c, 1d and 3)	397,180	567,606
Unconditional promises to give (Notes 1b and 4)	110,530	256,028
Prepaid expenses and other assets	16,858	24,107
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	38,208	21,881
Security deposit	<u>4,775</u>	<u>4,775</u>
Total Assets	<u><u>\$1,018,966</u></u>	<u><u>\$1,354,454</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 61,295</u>	<u>\$ 208,622</u>
Commitments and Contingency (Notes 6 and 9)		
Net Assets (Note 2)		
Unrestricted		
Other	646,937	806,854
Board designated	<u>300,000</u>	<u>300,000</u>
Total Unrestricted	946,937	1,106,854
Temporarily restricted	<u>10,734</u>	<u>38,978</u>
Total Net Assets	<u><u>957,671</u></u>	<u><u>1,145,832</u></u>
Total Liabilities and Net Assets	<u><u>\$1,018,966</u></u>	<u><u>\$1,354,454</u></u>

See notes to financial statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue and Public Support						
Membership dues	\$ 8,420	\$ -	\$ 8,420	\$ 9,120	\$ -	\$ 9,120
Grants and contributions (Note 1a)	656,033	203	656,236	662,748	20,000	682,748
Special events, net of direct expenses and revenue sharing (Note 7)	593,070	-	593,070	545,421	-	545,421
Donated services (Note 10)	-	-	-	2,472	-	2,472
Investment income (Note 3)	1,967	-	1,967	1,353	-	1,353
Net assets released from restrictions	28,447	(28,447)	-	116,602	(116,602)	-
Total Revenue and Public Support	1,287,937	(28,244)	1,259,693	1,337,716	(96,602)	1,241,114
Expenses Before Special Program						
Program Services	956,174	-	956,174	1,014,191	-	1,014,191
Supporting Services						
Management and general	147,505	-	147,505	192,943	-	192,943
Fundraising	193,040	-	193,040	153,744	-	153,744
Total Supporting Services	340,545	-	340,545	346,687	-	346,687
Total Expenses Before Special Program	1,296,719	-	1,296,719	1,360,878	-	1,360,878
Decrease in Net Assets Before Other Revenue, Support and Expenses	(8,782)	(28,244)	(37,026)	(23,162)	(96,602)	(119,764)
Other Revenue, Support and Expenses						
I Will Listen Anti-stigma Campaign (Note 6c)						
Grants and contributions	20,961	-	20,961	272,598	8,447	281,045
Donated services (Note 10)	-	-	-	49,518	-	49,518
Expenses	(117,042)	-	(117,042)	(322,116)	-	(322,116)
Reversal of prior year grants	(55,054)	-	(55,054)	-	-	-
Decrease in net assets	(159,917)	(28,244)	(188,161)	(23,162)	(88,155)	(111,317)
Net assets, beginning of year	1,106,854	38,978	1,145,832	1,130,016	127,133	1,257,149
Net Assets, End of Year	\$ 946,937	\$ 10,734	\$ 957,671	\$ 1,106,854	\$ 38,978	\$1,145,832

See notes to financial statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$(188,161)	\$(111,317)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	14,418	12,453
Reversal of prior year grants	55,054	-
Net realized and unrealized losses on investments	459	832
Decrease in:		
Unconditional promises to give	90,444	149
Prepaid expenses and other assets	7,249	567
Increase (decrease) in accounts payable and accrued expenses	<u>(147,327)</u>	<u>23,392</u>
Net Cash Used By Operating Activities	<u>(167,864)</u>	<u>(73,924)</u>
 Cash Flows From Investing Activities		
Purchases of investments	(410,000)	(250,000)
Sales of investments	579,967	399,961
Purchases of fixed assets	<u>(30,745)</u>	<u>(10,000)</u>
Net Cash Provided By Investing Activities	<u>139,222</u>	<u>139,961</u>
 Cash Flows From Financing Activities		
Loan principal payments	<u>-</u>	<u>(899)</u>
Net increase (decrease) in cash	(28,642)	65,138
Cash, beginning of year	<u>480,057</u>	<u>414,919</u>
 Cash, End of Year	 <u>\$ 451,415</u>	 <u>\$ 480,057</u>

See notes to financial statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

National Alliance on Mental Illness of New York City, Inc. (the "Organization") is a grassroots organization that provides support, education and advocacy for families and individuals of all ethnic and socio-economic backgrounds who live with mental illness. As one of the largest affiliates of the National Alliance on Mental Illness, it works collaboratively with state and national affiliates and other stakeholders in the community to educate the public, advocate for legislation, reduce stigma and improve the mental health system.

In 2015 and 2014, contributions of approximately 37% and 38%, respectively, of the total revenue and public support were received from the New York City Department of Health and Mental Hygiene.

b - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

c - Investments

Investments are measured at fair value on a recurring basis. Investments with fair values that are based on quoted market prices in active markets are, therefore, classified within Level 1, and include active listed equity securities, mutual funds and money market funds.

Investments that trade in markets that are not considered to be active, but are valued based on quoted prices, dealer quotations, or alternative pricing sources with observable inputs are classified within Level 2. These include certain debt securities and government agency and municipal obligations.

Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015 AND 2014****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

e - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

f - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

g - Estimates

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

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

h - Tax Status

The Organization is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. The Organization's tax returns are generally subject to examination by taxing authorities for a period of three years from the date filing.

i - Subsequent Events

The Organization has evaluated subsequent events through February 16, 2016, the date that the financial statements are considered available to be issued.

Note 2 - Net Assets

a - Board Designated

Board designated unrestricted net assets have been designated by the Board of Directors as follows:

Rent fund	\$100,000
Emergency operating reserve	<u>200,000</u>
Total	<u>\$300,000</u>

b - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for future periods and programs, as indicated by the donors.

Note 3 - Investments and Cash and Cash Equivalents Held for Investment

Investments and cash and cash equivalents held for investment are reflected at fair value and consist of the following:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$397,180	\$267,147
Certificates of deposit	<u>-</u>	<u>300,459</u>
	<u>\$397,180</u>	<u>\$567,606</u>

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 3 - Investments and Cash and Cash Equivalents Held for Investment (continued)

At June 30, 2015 and 2014, the cost of the investments approximated fair value.

Investment income consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$2,426	\$2,185
Net realized and unrealized losses	<u>(459)</u>	<u>(832)</u>
	<u>\$1,967</u>	<u>\$1,353</u>

The following summarizes investments by fair value levels as of June 30, 2015 and 2014:

	<u>2015</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	<u>\$397,180</u>	<u>\$397,180</u>	<u>\$ -</u>
	<u>2014</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$267,147	\$267,147	\$ -
Certificates of deposit	<u>300,459</u>	<u>-</u>	<u>300,459</u>
	<u>\$567,606</u>	<u>\$267,147</u>	<u>\$300,459</u>

Note 4 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 5 - Property and Equipment

Property and equipment consists of the following:

	<u>Life</u>	<u>2015</u>	<u>2014</u>
Computers and office equipment	5 years	\$ 60,055	\$ 60,055
Furniture and fixtures	7 years	25,797	25,797
Leasehold improvements	5-7 years	79,441	48,695
Database	5 years	<u>65,000</u>	<u>65,000</u>
		230,293	199,547
Less: Accumulated depreciation		<u>(192,085)</u>	<u>(177,666)</u>
Net		<u>\$ 38,208</u>	<u>\$ 21,881</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$14,418 and \$12,453, respectively.

Note 6 - Commitment and Contingency

a - The Organization occupies office space under a lease that provides for monthly payments through October 2018. Minimum future lease payments are as follows:

<u>Year Ending June 30,</u>	
2016	\$88,634
2017	90,850
2018	93,121
Thereafter through October 31, 2018	31,295

Rent expense for the years ended June 30, 2015 and 2014 was \$86,472 and \$79,530, respectively.

b - Government grants are subject to audit by the appropriate granting agency.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6 - Commitment and Contingency (continued)

c - In 2013, the NAMI-NYC Metro Board of Directors decided to use Board discretionary funds to develop and implement the I Will Listen Anti-stigma Campaign. During the years ended June 30, 2015 and 2014, the Organization raised \$20,961 and \$281,045 in contributions including \$49,518 in donated services, respectively, to fund this campaign. Total costs for this campaign in 2015 and 2014 were \$117,042 and \$322,116 including donated services of \$49,518, respectively. This onetime project falls outside the scope of the core NAMI-NYC Metro's education and support programs.

Note 7 - Special Events

Special events have been reflected net of direct expenses and revenue sharing as follows:

	<u>2015</u>	<u>2014</u>
Special events, including contributions and revenue	\$740,025	\$677,297
Less: Expenses directly benefiting donors	(134,185)	(93,977)
Less: Revenue sharing with other organizations	<u>(12,770)</u>	<u>(37,899)</u>
	<u>\$593,070</u>	<u>\$545,421</u>

Note 8 - Concentration of Credit Risk

The Organization maintains its cash balance in one financial institution located in New York. The account at this institution is insured up to the limits established by the Federal Deposit Insurance Corporation and other agencies.

Note 9 - Retirement Plan

The Organization maintains a tax deferred annuity plan on behalf of its employees. The participating employees may contribute up to the statutory maximum. The amount of the Organization's contribution is discretionary and is to be determined by the Organization each year. The contributions made by the Organization for the years ended June 30, 2015 and 2014 were \$2,199 and \$1,054, respectively.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 10 - Donated Services

The Organization received donated legal services in 2014 in connection with its programs as follows:

I Will Listen Anti-stigma Campaign	\$49,518
Other programs	<u>2,472</u>
	<u>\$51,990</u>

Note 11 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 12 - Expenses by Functional Classification

Expenses by functional classification for fiscal 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Expenses before special program	\$1,296,719	\$1,360,878
I Will Listen Anti-stigma Campaign	<u>117,042</u>	<u>322,116</u>
	<u>\$1,413,761</u>	<u>\$1,682,994</u>
Program Services	<u>\$1,073,216</u>	<u>\$1,336,307</u>
Supporting Services		
Management and general	147,505	192,943
Fundraising	<u>193,040</u>	<u>153,744</u>
Total Supporting Services	<u>340,545</u>	<u>346,687</u>
Total Expenses	<u>\$1,413,761</u>	<u>\$1,682,994</u>

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
National Alliance on Mental Illness of New York City, Inc.

We have audited the financial statements of National Alliance on Mental Illness of New York City, Inc. as of and for the years ended June 30, 2015 and 2014, and our report thereon dated February 16, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2015 with comparative totals for 2014 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
February 16, 2016

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	Program Services	Supporting Services		2015	2014
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 461,688	\$ 56,822	\$ 37,738	\$ 556,248	\$ 542,322
Payroll taxes and employee benefits	107,211	12,917	9,042	129,170	131,236
	<u>568,899</u>	<u>69,739</u>	<u>46,780</u>	<u>685,418</u>	<u>673,558</u>
Special events	-	-	133,694	133,694	127,618
Professional fees	185,496	35,658	5,000	226,154	181,682
Family Support Network Database	-	-	-	-	130,000
Equipment rental and maintenance	18,501	5,233	-	23,734	20,619
Supplies	22,782	5,208	-	27,990	27,636
Occupancy	90,465	10,809	7,566	108,840	110,771
Travel	9,584	850	-	10,434	6,215
Insurance	10,971	4,200	-	15,171	14,015
Telephone	9,141	2,076	-	11,217	9,908
Postage	7,281	2,280	-	9,561	13,113
Office expenses	18,843	6,055	-	24,898	22,279
Payment to affiliates	2,453	1,475	-	3,928	6,158
Miscellaneous	944	317	-	1,261	4,853
Depreciation	10,814	3,605	-	14,419	12,453
Total expenses before special program	956,174	147,505	193,040	1,296,719	
I Will Listen Anti-stigma Campaign	117,042	-	-	117,042	
Total Expenses, 2015	<u>\$1,073,216</u>	<u>\$ 147,505</u>	<u>\$ 193,040</u>	<u>\$1,413,761</u>	
Total expenses before special program	\$1,014,191	\$ 192,943	\$ 153,744		1,360,878
I Will Listen Anti-stigma Campaign	322,116	-	-		322,116
Total Expenses, 2014	<u>\$1,336,307</u>	<u>\$ 192,943</u>	<u>\$ 153,744</u>		<u>\$1,682,994</u>

See independent auditors' report on supplementary information.