

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2016 AND 2015**



CERTIFIED PUBLIC ACCOUNTANTS, LLP  
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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, 2016 and 2015, 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, 2016 and 2015, 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 20, 2017

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

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash (Notes 1b and 8)	\$ 625,116	\$ 451,415
Investments and cash and cash equivalents held for investment (Notes 1d, 1e and 3)	397,298	397,180
Unconditional promises to give - unrestricted (Notes 1c and 4)	168,529	110,530
Prepaid expenses and other assets	117,679	16,858
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 5)	28,040	38,208
Security deposit	<u>4,775</u>	<u>4,775</u>
<b>Total Assets</b>	<u><u>\$1,341,437</u></u>	<u><u>\$1,018,966</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 42,306	\$ 61,295
Deferred revenue (Note 1f)	<u>15,000</u>	<u>-</u>
Total Liabilities	<u>57,306</u>	<u>61,295</u>
Commitments and Contingency (Notes 6 and 9)		
Net Assets (Note 2)		
Unrestricted		
Other	800,565	646,937
Board designated	<u>300,000</u>	<u>300,000</u>
Total Unrestricted	1,100,565	946,937
Temporarily restricted	<u>183,566</u>	<u>10,734</u>
Total Net Assets	<u>1,284,131</u>	<u>957,671</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,341,437</u></u>	<u><u>\$1,018,966</u></u>

See notes to financial statements.

ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
1a)	\$ 2,432	\$ -	\$ 2,432	\$ 8,420	\$ -	\$ 8,420
revenue sharing	742,802	60,000	802,802	656,033	203	656,236
allocations	908,373	-	908,373	740,025	-	740,025
Support	(170,414)	-	(170,414)	(146,955)	-	(146,955)
Special Projects	118	-	118	1,967	-	1,967
Net Assets Before and Expenses	1,493,339	(10,028)	1,543,311	1,287,937	(28,447)	1,259,693
Expenses	1,086,838	-	1,086,838	956,174	-	956,174
Capital Projects	191,910	-	191,910	147,505	-	147,505
Operating Expenses	227,517	-	227,517	193,040	-	193,040
Capital Expenditures	419,427	-	419,427	340,545	-	340,545
Net Assets Before and Expenses	1,506,265	-	1,506,265	1,296,719	-	1,296,719
Capital Expenditures	(12,926)	49,972	37,046	(8,782)	(28,244)	(37,026)
Operating Expenses	145,990	122,860	268,850	20,961	-	20,961
Capital Expenditures	(115,446)	-	(115,446)	(117,042)	-	(117,042)
Operating Expenses	45,000	-	45,000	-	-	-
Capital Expenditures	91,010	-	91,010	-	-	-
Net Assets Before and Expenses	-	-	-	(55,054)	-	(55,054)
Operating Expenses	153,628	172,832	326,460	(159,917)	(28,244)	(188,161)
Capital Expenditures	946,937	10,734	957,671	1,106,854	38,978	1,145,832

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

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 326,460	\$(188,161)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,168	14,418
Reversal of prior year grants	-	55,054
Net realized and unrealized (gains) losses on investments	(59)	459
Grant - capital project	(45,000)	-
(Increase) decrease in:		
Unconditional promises to give	(57,999)	90,444
Prepaid expenses and other assets	(100,821)	7,249
Increase (decrease) in:		
Accounts payable and accrued expenses	(18,989)	(147,327)
Deferred revenue	15,000	-
Net Cash Provided (Used) By Operating Activities	<u>128,760</u>	<u>(167,864)</u>
 <b>Cash Flows From Investing Activities</b>		
Purchases of investments	(250,000)	(410,000)
Proceeds from sale of investments	249,941	579,967
Purchases of property and equipment	-	(30,745)
Grant - capital project	45,000	-
Net Cash Provided By Investing Activities	<u>44,941</u>	<u>139,222</u>
 Net increase (decrease) in cash	173,701	(28,642)
Cash, beginning of year	<u>451,415</u>	<u>480,057</u>
 <b>Cash, End of Year</b>	<u>\$ 625,116</u>	<u>\$ 451,415</u>

See notes to financial statements.

**NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****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 2016 and 2015, contributions of approximately 30% and 37%, respectively, of the total revenue and public support were received from the New York City Department of Health and Mental Hygiene.

**b - Cash**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt investments, purchased with a maturity of 3 months or less to be cash equivalents, except for those short term investments managed as part of their long term investment strategies.

**c - 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.

**d - Investments and Cash and Cash Equivalents Held for Investment**

The Organization reflects investments at fair value in the statement of financial position.

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, 2016 AND 2015

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

**f - Deferred Revenue**

Revenue received for a future special event has been reflected as deferred revenue.

**g - 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.

**h - 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.

**i - 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, 2016 AND 2015

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

j - 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.

k - Subsequent Events

The Organization has evaluated subsequent events through February 20, 2017, the date that the financial statements are considered available to be issued.

**Note 2 - Net Assets**

a - Board Designated

Certain 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>2016</u>	<u>2015</u>
Cash and cash equivalents	\$147,263	\$397,180
Certificates of deposit	<u>250,035</u>	<u>-</u>
	<u>\$397,298</u>	<u>\$397,180</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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

At June 30, 2016 and 2015, the cost of the investments approximated fair value.

Investment income consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 59	\$2,426
Net realized and unrealized gains (losses)	<u>59</u>	<u>(459)</u>
	<u>\$118</u>	<u>\$1,967</u>

The following summarizes investments by fair value levels as of June 30, 2016 and 2015:

	<u>2016</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$147,263	\$147,263	\$ -
Certificates of deposit	<u>250,035</u>	<u>-</u>	<u>250,035</u>
Total	<u>\$397,298</u>	<u>\$147,263</u>	<u>\$250,035</u>

  

	<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>

**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, 2016 AND 2015

**Note 5 - Property and Equipment**

Property and equipment consists of the following:

	<u>Life</u>	<u>2016</u>	<u>2015</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	79,441
Database	5 years	<u>65,000</u>	<u>65,000</u>
		230,293	230,293
Less: Accumulated depreciation		<u>(202,253)</u>	<u>(192,085)</u>
Net		<u>\$ 28,040</u>	<u>\$ 38,208</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$10,168 and \$14,418, 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>	
2017	\$90,850
2018	93,121
Thereafter through October 31, 2018	31,295

Rent expense for the years ended June 30, 2016 and 2015 was \$88,634 and \$86,472, respectively.

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

c - The Organization's Board of Directors implemented a number of special projects in 2015 and 2016. The I Will Listen Anti Stigma Campaign ended in 2015 and new programs, CEO Summit and Managed Care, were started in 2016. The income and expenses relating to these special projects are outside the scope of the Organization's core projects and are reflected as other support, revenue and expenses on the statements of activities.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

**Note 7 - Special Events**

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

	<u>2016</u>	<u>2015</u>
Special events, including contributions and revenue	\$908,373	\$740,025
Less: Expenses directly benefiting donors	(157,799)	(134,185)
Less: Revenue sharing with other organizations	<u>(12,615)</u>	<u>(12,770)</u>
	<u>\$737,959</u>	<u>\$593,070</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, 2016 and 2015 were \$3,234 and \$2,199, respectively.

**Note 10 - 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

**Note 11 - Expenses by Functional Classification**

Expenses by functional classification for fiscal 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Expenses before special projects	\$1,506,265	\$1,296,719
Special Projects	<u>115,446</u>	<u>117,042</u>
	<u>\$1,621,711</u>	<u>\$1,413,761</u>
Program Services	<u>\$1,202,284</u>	<u>\$1,073,216</u>
Supporting Services		
Management and general	191,910	147,505
Fundraising	<u>227,517</u>	<u>193,040</u>
Total Supporting Services	<u>419,427</u>	<u>340,545</u>
Total Expenses	<u>\$1,621,711</u>	<u>\$1,413,761</u>