

**NATIONAL ALLIANCE ON
MENTAL ILLNESS – COASTAL VIRGINIA**

FINANCIAL STATEMENTS

JUNE 30, 2023

**NATIONAL ALLIANCE ON MENTAL ILLNESS -
COASTAL VIRGINIA**

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finn gartman hart, certified public accountants, plc

INDEPENDENT AUDITORS' REPORT

The Board of Directors
National Alliance on Mental Illness – Coastal Virginia
Virginia Beach, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Alliance on Mental Illness – Coastal Virginia, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, 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 National Alliance on Mental Illness – Coastal Virginia as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Association of Mental Illness – Virginia Beach 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 accounting principles generally accepted in the United States of America, 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 National Association of Mental Illness – Coastal Virginia's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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finn gartman hart, certified public accountants, plc

Auditor's Responsibilities for the Audit 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 National Alliance on Mental Illness – Coastal Virginia'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 National Alliance on Mental Illness – Coastal Virginia'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 audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Fin Gartman Hart, PLC

Virginia Beach, Virginia
November 29, 2023

NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| ASSETS | | |
| Cash in bank | \$ 266,214 | \$ 175,089 |
| Prepaid expenses | 583 | 567 |
| Property and equipment, net of accumulated depreciation | 754 | 389 |
| Operating lease right-of-use asset | <u>8,971</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 276,522</u> | <u>\$ 176,045</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 390 | \$ - |
| Operating lease liability | <u>9,216</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>9,606</u> | <u>-</u> |
| NET ASSETS - WITHOUT DONOR RESTRICTIONS | <u>266,916</u> | <u>176,045</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 276,522</u> | <u>\$ 176,045</u> |

NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| SUPPORT AND REVENUE | | |
| Contributions | \$ 140,927 | \$ 120,597 |
| Fundraiser income, net of expenses of \$35,726 | 33,769 | - |
| Membership fees | 7,618 | 3,268 |
| Other revenue | <u>2,014</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUE | <u>184,328</u> | <u>123,865</u> |
| EXPENSES | | |
| Program services | | |
| Apparel | 3,157 | 475 |
| Depreciation | 369 | 211 |
| Meetings | 22,700 | 30,975 |
| Mileage and travel | 863 | - |
| Office expenses | 204 | 1,728 |
| Other program services | 1,514 | 630 |
| Payroll taxes | 3,022 | - |
| Rent | 4,822 | 5,309 |
| Salaries and contract labor | 39,470 | 45,385 |
| Scholarships | 200 | 2,000 |
| Telephone and internet | 2,102 | 1,417 |
| Website | <u>2,386</u> | <u>157</u> |
| Total program service expenses | <u>80,809</u> | <u>88,287</u> |
| Support services | | |
| Audit fees | 1,900 | 1,900 |
| Insurance | 1,154 | 1,088 |
| Office expenses | 1,937 | 192 |
| Payroll taxes | 297 | - |
| Permits and fees | 331 | 417 |
| Rent | 536 | 590 |
| Salaries and contract labor | 3,873 | 5,040 |
| Telephone and internet | 234 | 157 |
| Website | <u>2,386</u> | <u>-</u> |
| Total support services | <u>12,648</u> | <u>9,384</u> |
| TOTAL EXPENSES | <u>93,457</u> | <u>97,671</u> |
| NET INCREASE IN NET ASSETS | 90,871 | 26,194 |
| NET ASSETS, BEGINNING OF PERIOD | <u>176,045</u> | <u>149,851</u> |
| NET ASSETS, END OF PERIOD | <u>\$ 266,916</u> | <u>\$ 176,045</u> |

NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net increase in net assets during period | \$ 90,871 | \$ 26,194 |
| Adjustments to reconcile net increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 369 | 211 |
| Changes in: | | |
| Prepaid expenses | (16) | (17) |
| Operating leases and liabilities | 245 | - |
| Accounts payable | 390 | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>91,859</u> | <u>26,388</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | <u>(734)</u> | <u>-</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(734)</u> | <u>-</u> |
| NET INCREASE IN CASH FOR YEAR | 91,125 | 26,388 |
| CASH, BEGINNING OF YEAR | <u>175,089</u> | <u>148,701</u> |
| CASH, END OF YEAR | <u>\$ 266,214</u> | <u>\$ 175,089</u> |

NATIONAL ALLIANCE ON MENTAL ILLNESS – COASTAL VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note A – Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization—National Alliance on Mental Illness – Coastal Virginia (the “Organization”) is a non-profit grass roots organization and the voice for those affected by serious mental illness. Through ongoing education and training programs, support groups, and a helpline, the Organization connects to people with the goal of improving the quality of life for recovering individuals and their families. The Organization advocates at the local, state, and national levels to eradicate the stigma associated with mental illness and is committed to improving the lives of the community at large through free educational programs and community-wide inclusion.

The Organization is a Virginia not-for-profit corporation with federal tax-exempt status as a 501(c)(3) charitable organization granted in December 2001. The Organization is governed by a board of directors elected by the membership. Board members serve without compensation and are from various professional and business backgrounds

Basis of Presentation—The financial statements have been prepared on the accrual basis of accounting using accounting principles generally accepted in the United States of America. Revenues and expenses are recognized and recorded when earned or incurred.

Net Assets—Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

In addition, under accounting principles generally accepted in the United States of America, contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. As of June 30, 2023 and 2022, there were no net assets with restrictions.

Use of Estimates—Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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NATIONAL ALLIANCE ON MENTAL ILLNESS – COASTAL VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note A – Nature of Organization and Summary of Significant Accounting Policies-concluded

Property and Equipment—Property and equipment is recorded at cost. Depreciation is provided over estimated useful lives of 5 years using the straight-line method

Income Taxes—The Organization is generally exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. The organization did not have any unrelated business income that would be subject to income tax.

Donated Services—The Organization receives a significant number of donated services from unpaid volunteers who assist in support and program activities. No amounts have been recognized for these services in the Statement of Activities because the criteria for recognition under accounting principles generally accepted in the United States of America have not been satisfied.

Expense Allocation—The costs of providing various programs have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Revenue Recognition for Contributions Received—The Organization accounts for revenues from contributions received under the guidance provided in ASC 958-605 *Not-for-Profit Entities: Revenue Recognition*. The guidance provides clarification on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this guidance is the determination on whether two parties receive and sacrifice commensurate value to distinguish which guidance should be applied.

Consideration of Subsequent Events--Subsequent events have been evaluated by management through November 29, 2023, which is the date the financial statements were available to be issued.

Note B – Lease Commitment

The FASB issued ASU No. 2016-02, Leases (“Topic 842”) which, among other things, requires the recognition of lease assets and lease liabilities on the balance sheet of lessees, along with the disclosure of key information about leasing arrangements. Topic 842 provides that the lease liability should be measured on a present value basis using the implicit rate in the lease, if it is readily determinable. The ASU is effective for annual periods beginning after December 15, 2021. The Organization adopted Topic 842 effective July 1, 2022. Previously, the Organization’s obligations with respect to its operating leases were disclosed in a footnote to the financial statements and not included on the balance sheet.

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NATIONAL ALLIANCE ON MENTAL ILLNESS – COASTAL VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note B – Lease Commitment—concluded

The Company entered into an operating lease agreement for office space with an unrelated third party with a commencement date of January 1, 2022. The lease term is 36 months ending December 1, 2024. Payments for year one was set at \$501 per month, year two, \$521 per month, and year three, \$542 per month. Upon adoption of the new lease standard during the year ended July 1, 2023, the Company capitalized a right of use asset of \$14,497 and recognized a lease liability of \$14,497 for this lease using an implicit rate of 6%. The right of use asset is being amortized over the life of the lease using the straight-line method. The liability from the operating lease is determined, as follows for the future minimum lease payments for the years ending December 31st:

| Years Ending <u>June 30:</u> | <u>Amount</u> |
|---------------------------------|-----------------|
| 2024 | \$ 6,380 |
| 2025 | <u>3,253</u> |
| Total lease payments | \$ 9,633 |
| Less: 6% imputed interest | <u>(417)</u> |
| Net operating lease liability | <u>\$ 9,216</u> |

Note C – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of cash in the amount of \$266,214.

As part of its liquidity management, the Organization maintains financial assets to be available as general expenditures, liabilities, and other obligations come due for operations for approximately one year into the future.