

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

FINANCIAL STATEMENTS

JUNE 30, 2018

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

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Seeing problems and inconveniences as opportunities to serve

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of financial position of National Alliance on Mental Illness - Virginia Beach, as of June 30, 2018 and 2017, 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.

Patrick Michael Finn, Jr.
Certified Public Accountant

Michael D. Gartman
Certified Public Accountant

Auditor's Responsibility

William E. Hart
Certified Public Accountant

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of National Alliance on Mental Illness - Virginia Beach, as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Finn Gurtman Hart, PLC

October 8, 2018
Virginia Beach, Virginia

NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
ASSETS		
Cash in bank	\$ 68,514	\$ 67,247
Prepaid expenses	<u>742</u>	<u>996</u>
TOTAL ASSETS	<u>\$ 69,256</u>	<u>\$ 68,243</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,125	\$ -
NET ASSETS - UNRESTRICTED	<u>68,131</u>	<u>68,243</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 69,256</u>	<u>\$ 68,243</u>

NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUE		
Contributions	\$ 35,880	\$ 39,106
Membership fees	3,873	5,426
Interest earned	<u>-</u>	<u>32</u>
TOTAL SUPPORT AND REVENUE	<u>39,753</u>	<u>44,564</u>
EXPENSES		
Program services		
Apparel	1,685	869
Conferences	2,302	6,231
Contract labor	3,000	-
Meetings	9,573	18,221
Newsletter	1,866	2,222
Office expenses	1,488	355
Other program services	163	423
Postage	528	512
Publicity	456	500
Rent	4,704	4,538
Scholarships	2,000	2,000
Telephone and internet	1,655	1,691
Travel	1,644	735
Website	<u>1,440</u>	<u>1,199</u>
Total program service expenses	<u>32,504</u>	<u>39,496</u>
Support services		
Audit fees	2,250	2,400
Contract labor	3,000	-
Insurance	1,045	952
Office expenses	165	377
Permits and fees	135	450
Postage	59	57
Rent	523	504
Telephone and internet	<u>184</u>	<u>188</u>
Total support services	<u>7,361</u>	<u>4,928</u>
TOTAL EXPENSES	<u>39,865</u>	<u>44,424</u>
NET INCREASE (DECREASE) IN NET ASSETS	(112)	140
NET ASSETS, BEGINNING OF PERIOD	<u>68,243</u>	<u>68,103</u>
NET ASSETS, END OF PERIOD	<u>\$ 68,131</u>	<u>\$ 68,243</u>

NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets during period	\$ (112)	\$ 140
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities:		
Decrease in prepaid expenses	254	674
Increase in accounts payable	<u>1,125</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,267</u>	<u>814</u>
NET INCREASE IN CASH FOR YEAR	1,267	814
CASH, BEGINNING OF YEAR	<u>67,247</u>	<u>66,433</u>
CASH, END OF YEAR	<u><u>\$ 68,514</u></u>	<u><u>\$ 67,247</u></u>

NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Nature of Organization—National Alliance on Mental Illness - Virginia Beach (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 of the Organization have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned or incurred.

The Organization follows accounting principles generally accepted in the United States of America. Accordingly, the financial statements reflect unrestricted, temporarily restricted, and permanently restricted net assets and activities. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

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. 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. As of June 30, 2018 and 2017, there were no temporarily or permanently restricted net assets.

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 - VIRGINIA BEACH
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

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 amount 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.

Consideration of Subsequent Events--Subsequent events have been evaluated by management through October 8, 2018, which is the date the financial statements were available to be issued.

Note B – Lease Commitment

The Organization leases its office space under an agreement entered into on December 18, 2002. This original 3-year lease was effective for calendar years from January 1, 2003 through December 31, 2005. This lease calls for annual increases of 4% and contains automatic renewal provisions that call for at least 90-day notice of non-renewal by either party. Under these provisions, the lease renewed for three years beginning January 1, 2018. Rent paid under this lease was \$5,227 and \$5,042 for the years ended June 30, 2018 and 2017, respectively. The minimum future payments due under this lease are as follows:

Years Ending <u>June 30:</u>	<u>Amount</u>
2019	\$ 5,448
2020	5,664
2021	<u>2,886</u>
Total	<u>\$13,998</u>