

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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

**Table of Contents**

	<b><u>Page Number</u></b>
INDEPENDENT AUDITORS' REPORT	1
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6



*Seeing problems and inconveniences as opportunities to serve*

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying statements of financial position of National Alliance on Mental Illness – Coastal Virginia, as of June 30, 2020 and 2019, 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 – Coastal Virginia Beach, as of June 30, 2020 and 2019, 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.

*Ferin Garkman Hart, P.C.*

October 7, 2020  
Virginia Beach, Virginia

**NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash in bank	\$ 106,906	\$ 106,507
Prepaid expenses	1,031	541
Property and equipment, net of accumulated depreciation	<u>811</u>	<u>837</u>
<b>TOTAL ASSETS</b>	<u>\$ 108,748</u>	<u>\$ 107,885</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 1,500
<b>NET ASSETS - WITHOUT DONOR RESTRICTIONS</b>	<u>108,748</u>	<u>106,385</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 108,748</u>	<u>\$ 107,885</u>

**NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 59,597	\$ 60,879
Membership fees	<u>4,256</u>	<u>5,753</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>63,853</u>	<u>66,632</u>
<b>EXPENSES</b>		
Program services		
Apparel	1,017	972
Contract labor	23,310	8,750
Depreciation	198	93
Meetings	16,424	10,850
Newsletter	1,079	1,775
Office expenses	1,491	1,199
Other program services	1,166	908
Postage	303	536
Publicity	-	263
Rent	5,105	4,909
Scholarships	2,000	2,000
Telephone and internet	1,332	1,343
Website	<u>1,453</u>	<u>1,572</u>
Total program service expenses	<u>54,878</u>	<u>35,170</u>
Support services		
Audit fees	1,800	2,250
Contract labor	2,590	8,750
Insurance	1,108	1,047
Office expenses	166	133
Permits and fees	199	187
Postage	34	60
Rent	567	545
Telephone and internet	<u>148</u>	<u>149</u>
Total support services	<u>6,612</u>	<u>13,121</u>
<b>TOTAL EXPENSES</b>	<u>61,490</u>	<u>48,291</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	2,363	18,341
<b>TRANSFER IN OF NET ASSETS FROM AFFILIATE</b>	-	19,913
<b>NET ASSETS, BEGINNING OF PERIOD</b>	<u>106,385</u>	<u>68,131</u>
<b>NET ASSETS, END OF PERIOD</b>	<u>\$ 108,748</u>	<u>\$ 106,385</u>

**NATIONAL ALLIANCE ON MENTAL ILLNESS - VIRGINIA BEACH**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net increase in net assets during period	\$ 2,363	\$ 18,341
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	198	93
(Increase) decrease in prepaid expenses	(490)	201
Increase (decrease) in accounts payable	(1,500)	375
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>571</b>	<b>19,010</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(172)	(930)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(172)</b>	<b>(930)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net assets transferred in from affiliate	-	19,913
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>19,913</b>
<b>NET INCREASE IN CASH FOR YEAR</b>	<b>399</b>	<b>37,993</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>106,507</b>	<b>68,514</b>
<b>CASH, END OF YEAR</b>	<b>\$ 106,906</b>	<b>\$ 106,507</b>

**NATIONAL ALLIANCE ON MENTAL ILLNESS – COASTAL VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**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—Our 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, 2020, and 2019, 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, 2020**

**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 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 7, 2020, 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 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 \$5,672 and \$5,454 for the years ended June 30, 2019 and 2018, respectively. The minimum future payments due under this lease are as follows:

<u>Years Ending</u> <u>June 30:</u>	<u>Amount</u>
2020	<u>\$ 5,664</u>

**NATIONAL ALLIANCE ON MENTAL ILLNESS – COASTAL VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 \$106,906.

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.

**Note D – Transfer of Net Assets from Affiliate**

During the year ended June 30, 2019, another chapter of the National Alliance on Mental Illness located in the same region as the Organization discontinued operations. Because the Organization would now be serving the constituents of the closed chapter, its cash balance of \$19,913 was transferred into the Organization's bank account. This transfer in of cash was treated as an increase of net assets.