

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

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2009 AND 2008

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 statements of financial position of National Alliance on Mental Illness of New York City, Inc. (a not-for-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, 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.

Lutz + Carr, LLP

New York, New York
January 19, 2010

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash (Note 9)	\$ 375,114	\$ 592,274
Investments (Notes 1c and 3)	1,042,731	726,280
Unconditional promises to give (Notes 1b and 4)		
Unrestricted	5,571	75,455
Prepaid expenses	30,105	68,623
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 5)	25,589	34,643
Security deposit	4,775	4,775
	<u>4,775</u>	<u>4,775</u>
Total Assets	<u>\$1,483,885</u>	<u>\$1,502,050</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 66,558	\$ 92,776
Loan payable (Note 6)	7,059	8,599
Total Liabilities	<u>73,617</u>	<u>101,375</u>
Commitment and Contingency (Note 7)		
Net Assets (Note 2)		
Unrestricted		
Other	892,571	1,013,365
Board designated	300,000	160,000
Total Unrestricted	<u>1,192,571</u>	<u>1,173,365</u>
Temporarily restricted	217,697	227,310
Total Net Assets	<u>1,410,268</u>	<u>1,400,675</u>
Total Liabilities and Net Assets	<u>\$1,483,885</u>	<u>\$1,502,050</u>

See notes to financial statements.

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

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue and Public Support						
Membership dues	\$ 15,415	\$ -	\$ 15,415	\$ 20,404	\$ -	\$ 20,404
Grants and contributions	416,843	196,740	613,583	468,634	205,922	674,556
Special events, net of direct expenses and revenue sharing (Note 8)	357,997	-	357,997	398,295	-	398,295
Interest income	38,095	-	38,095	31,588	-	31,588
Other income	1,573	-	1,573	644	-	644
Net assets released from restrictions	206,353	(206,353)	-	186,125	(186,125)	-
Total Revenue and Public Support	<u>1,036,276</u>	<u>(9,613)</u>	<u>1,026,663</u>	<u>1,105,690</u>	<u>19,797</u>	<u>1,125,487</u>
Expenses						
Program Services	764,615	-	764,615	604,316	-	604,316
Supporting Services						
Management and general	176,591	-	176,591	128,882	-	128,882
Fundraising	75,864	-	75,864	82,394	-	82,394
Total Supporting Services	<u>252,455</u>	<u>-</u>	<u>252,455</u>	<u>211,276</u>	<u>-</u>	<u>211,276</u>
Total Expenses	<u>1,017,070</u>	<u>-</u>	<u>1,017,070</u>	<u>815,592</u>	<u>-</u>	<u>815,592</u>
Increase in net assets	19,206	(9,613)	9,593	290,098	19,797	309,895
Net assets, beginning of year	<u>1,173,365</u>	<u>227,310</u>	<u>1,400,675</u>	<u>883,267</u>	<u>207,513</u>	<u>1,090,780</u>
Net Assets, End of Year	<u>\$ 1,192,571</u>	<u>\$ 217,697</u>	<u>\$1,410,268</u>	<u>\$ 1,173,365</u>	<u>\$ 227,310</u>	<u>\$1,400,675</u>

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 9,593	\$309,895
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	9,054	10,425
(Increase) decrease in:		
Unconditional promises to give	69,884	(17,063)
Prepaid expenses	38,518	(58,095)
Increase in accounts payable and accrued expenses	(26,218)	(8,330)
Net Cash Provided By Operating Activities	<u>100,831</u>	<u>236,832</u>
 Cash Flows From Investing Activities		
Purchases of investments	(316,451)	(601,276)
Sales of investments	-	256,012
Net Cash Used By Investing Activities	<u>(316,451)</u>	<u>(345,264)</u>
 Cash Flows From Financing Activities		
Loan principal payments	<u>(1,540)</u>	<u>(1,539)</u>
Decrease in cash and cash equivalents	(217,160)	(109,971)
Cash and cash equivalents, beginning of year	<u>592,274</u>	<u>702,245</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$375,114</u></u>	 <u><u>\$592,274</u></u>

See notes to financial statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 1 - 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.

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.

c - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are included in the change in net assets. Interest, dividends, 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. Investment income restricted by the donor is reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the income is recognized.

The Organization was required to adopt the standards "Fair Value Measurements", effective July 1, 2008. These standards state that fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Under these standards, fair value measurements are not adjusted for transaction costs. The standards provide for use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 1 - Summary of Significant Accounting Policies (continued)

c - Investments (continued)

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities. The Organization's investments in cash, money market funds, bonds and mutual funds are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

d - 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.

e - Subsequent Events

The Organization has evaluated subsequent events through January 19, 2010, the date that the financial statements are considered available to be issued.

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.

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.

Note 2 - Net Assets

a - Board Designated

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

	<u>2009</u>	<u>2008</u>
Rent fund	\$100,000	\$100,000
Emergency operating reserve	<u>200,000</u>	<u>60,000</u>
Total	<u>\$300,000</u>	<u>\$160,000</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 2 - Net Assets (continued)

b - Temporarily Restricted Net Assets

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

Note 3 - Investments

Investments at fair value consist of the following:

	<u>2009</u>	<u>2008</u>
Certificates of deposit	\$ 140,000	\$126,280
Bonds	682,692	521,822
Cash and cash equivalents	<u>220,032</u>	<u>78,178</u>
	<u>\$1,042,724</u>	<u>\$726,280</u>

At June 30, 2009 and 2008, the cost of the investments approximated fair value. The Organization plans to hold the bonds in its portfolio to maturity.

Note 4 - Unconditional Promises to Give

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

Note 5 - Property and Equipment

Property and equipment consists of the following:

	<u>Life</u>	<u>2009</u>	<u>2008</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	<u>48,695</u>	<u>48,695</u>
		134,547	134,547
Less: Accumulated depreciation		<u>(108,958)</u>	<u>(99,904)</u>
Net		<u>\$ 25,589</u>	<u>\$ 34,643</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 5 - Property and Equipment (continued)

Depreciation expense for the years ended June 30, 2009 and 2008 was \$9,054 and \$10,425, respectively.

Note 6 - Loan Payable

The Organization received a loan from its landlord toward the leasehold improvements in its offices. The loan is interest free and requires monthly payments of \$130 over the life of the lease.

Note 7 - Commitment and Contingency

a - The Organization occupies office space under a lease that provides for monthly payments through October 2013. Minimum annual lease payments are as follows:

<u>Year Ending June 30,</u>	
2010	\$64,000
2011	65,280
2012	66,586
2013	67,918
Four months ending October 31, 2013	23,998

Rent expense for the years ended June 30, 2009 and 2008 was \$62,850 and \$61,618, respectively.

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

Note 8 - Special Events

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

	<u>2009</u>	<u>2008</u>
Special events, including contributions and revenue	\$467,378	\$519,034
Less: Expenses directly benefiting donors	(79,929)	(75,662)
Less: Revenue sharing with other organizations	<u>(29,452)</u>	<u>(45,077)</u>
	<u>\$357,997</u>	<u>\$398,295</u>

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 9 - Concentration of Credit Risk**

The Organization maintains cash balances in financial institutions located in New York. Accounts at these institutions are insured up to the limits established by the Federal Deposit Insurance Corporation and other agencies.

Note 10 - Functional Allocation of Expenses

The cost of providing the various programs 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.

ADDITIONAL INFORMATION



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**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

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

Our report on our audits of the basic financial statements of National Alliance on Mental Illness of New York City, Inc. for 2009 and 2008 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2009 with comparative totals for 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
January 19, 2010

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

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	Program Services	Supporting Services		2009	2008
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$333,774	\$ 70,240	\$ -	\$ 404,014	\$373,561
Payroll taxes and employee benefits	66,652	16,883	-	83,535	76,958
	<u>400,426</u>	<u>87,123</u>	<u>-</u>	<u>487,549</u>	<u>450,519</u>
Network of Care	160,015	-	-	160,015	-
Special events	-	-	-	-	30,388
Professional fees	63,130	18,702	51,200	133,032	116,887
Equipment rental and maintenance	14,512	1,914	3,668	20,094	21,018
Supplies	18,080	6,290	20,934	45,304	32,779
Occupancy	62,012	20,835	-	82,847	80,760
Travel	5,528	3,414	42	8,984	11,461
Insurance	4,963	3,799	-	8,762	8,734
Telephone	11,314	3,190	-	14,504	10,380
Postage	13,727	5,295	20	19,042	17,654
Office expenses	9,005	15,079	-	24,084	14,747
Payment to affiliates	1,903	1,896	-	3,799	3,893
Newsletter	-	-	-	-	5,947
Depreciation	-	9,054	-	9,054	10,425
	<u>\$764,615</u>	<u>\$ 176,591</u>	<u>\$ 75,864</u>	<u>\$1,017,070</u>	
Total Expenses, 2009					
Total Expenses, 2008	<u>\$604,316</u>	<u>\$ 128,882</u>	<u>\$ 82,394</u>		<u>\$815,592</u>

See independent auditors' report on additional information.