

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

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2010 AND 2009

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, 2010 and 2009, 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, 2010 and 2009, 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
October 15, 2010

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash (Notes 1b and 9)	\$ 317,606	\$ 375,114
Investments (Notes 1d and 3)	1,036,469	1,042,731
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	83,312	5,571
Prepaid expenses	35,510	30,105
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	73,202	25,589
Security deposit	<u>4,775</u>	<u>4,775</u>
Total Assets	<u><u>\$1,550,874</u></u>	<u><u>\$1,483,885</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 135,522	\$ 66,558
Loan payable (Note 6)	5,519	7,059
Total Liabilities	<u>141,041</u>	<u>73,617</u>
Commitment and Contingency (Note 7)		
Net Assets (Note 2)		
Unrestricted		
Other	1,062,403	892,571
Board designated	300,000	300,000
Total Unrestricted	<u>1,362,403</u>	<u>1,192,571</u>
Temporarily restricted	47,430	217,697
Total Net Assets	<u>1,409,833</u>	<u>1,410,268</u>
Total Liabilities and Net Assets	<u><u>\$1,550,874</u></u>	<u><u>\$1,483,885</u></u>

See notes to financial statements.

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

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue and Public Support						
Membership dues	\$ 11,303	\$ -	\$ 11,303	\$ 15,415	\$ -	\$ 15,415
Grants and contributions	608,984	32,932	641,916	416,843	196,740	613,583
Special events, net of direct expenses and revenue sharing (Note 8)	354,450	-	354,450	357,997	-	357,997
Interest income	24,959	-	24,959	38,095	-	38,095
Other income	1,936	-	1,936	1,573	-	1,573
Net assets released from restrictions	203,199	(203,199)	-	206,353	(206,353)	-
Total Revenue and Public Support	<u>1,204,831</u>	<u>(170,267)</u>	<u>1,034,564</u>	<u>1,036,276</u>	<u>(9,613)</u>	<u>1,026,663</u>
Expenses						
Program Services	757,410	-	757,410	764,615	-	764,615
Support Services						
Management and general	181,121	-	181,121	176,591	-	176,591
Fundraising	96,468	-	96,468	75,864	-	75,864
Total Supporting Services	<u>277,589</u>	<u>-</u>	<u>277,589</u>	<u>252,455</u>	<u>-</u>	<u>252,455</u>
Total Expenses	<u>1,034,999</u>	<u>-</u>	<u>1,034,999</u>	<u>1,017,070</u>	<u>-</u>	<u>1,017,070</u>
Increase (decrease) in net assets	169,832	(170,267)	(435)	19,206	(9,613)	9,593
Net assets, beginning 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>
Net Assets, End of Year	<u>\$ 1,362,403</u>	<u>\$ 47,430</u>	<u>\$1,409,833</u>	<u>\$ 1,192,571</u>	<u>\$ 217,697</u>	<u>\$1,410,268</u>

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (435)	\$ 9,593
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	7,387	9,054
(Increase) decrease in:		
Unconditional promises to give	(77,741)	69,884
Prepaid expenses	(5,405)	38,518
Increase (decrease) in accounts payable and accrued expenses	68,964	(26,218)
Net Cash Provided (Used) By Operating Activities	<u>(7,230)</u>	<u>100,831</u>
Cash Flows From Investing Activities		
Purchase of fixed assets	(55,000)	-
Purchases of investments	(724,695)	(316,451)
Sales of investments	730,957	-
Net Cash Used By Investing Activities	<u>(48,738)</u>	<u>(316,451)</u>
Cash Flows From Financing Activities		
Loan principal payments	<u>(1,540)</u>	<u>(1,540)</u>
Net decrease in cash	(57,508)	(217,160)
Cash, beginning of year	<u>375,114</u>	<u>592,274</u>
Cash, End of Year	<u><u>\$317,606</u></u>	<u><u>\$375,114</u></u>

See notes to financial statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****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 2010 and 2009, contributions of approximately 33% and 27%, respectively, of the total revenue and public support was received from the New York City Department of Health and Mental Hygiene.

b - Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for cash and cash equivalents classified as investments.

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

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.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments (continued)**

The Organization was required to adopt the standards "Fair Value Measurements", effective July 1, 2008. 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). Fair value measurements are not adjusted for transaction costs. Fair value hierarchy 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.

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 certificates of deposit are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

e - 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

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.

i - Subsequent Events

The Organization has evaluated subsequent events through October 15, 2010, the date that the financial statements are considered available to be issued.

Note 2 - Net Assets

a - Board Designated

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

	<u>2010</u>	<u>2009</u>
Rent fund	\$100,000	\$100,000
Emergency operating reserve	<u>200,000</u>	<u>200,000</u>
Total	<u>\$300,000</u>	<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

Investments at fair value consist of the following:

	<u>2010</u>	<u>2009</u>
Certificates of deposit	\$ 613,003	\$ 140,007
Bonds	200,242	682,692
Cash and cash equivalents	<u>223,224</u>	<u>220,032</u>
	<u>\$1,036,469</u>	<u>\$1,042,731</u>

At June 30, 2010 and 2009, the cost of the investments approximated fair value. The Organization plans to hold the bonds in its portfolio to maturity.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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>2010</u>	<u>2009</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	48,695	48,695
Database	5 years	<u>55,000</u>	<u>-</u>
		189,547	134,547
Less: Accumulated depreciation		<u>(116,345)</u>	<u>(108,958)</u>
Net		<u>\$ 73,202</u>	<u>\$ 25,589</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$7,387 and \$9,054, 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 through October 2013, 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>	
2011	\$65,280
2012	66,586
2013	67,918
Four months ending October 31, 2013	23,998

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Note 7 - Commitment and Contingency (continued)

a - (continued)

Rent expense for the years ended June 30, 2010 and 2009 was \$63,407 and \$62,850, 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>2010</u>	<u>2009</u>
Special events, including contributions and revenue	\$457,373	\$467,378
Less: Expenses directly benefiting donors	(67,923)	(79,929)
Less: Revenue sharing with other organizations	<u>(35,000)</u>	<u>(29,452)</u>
	<u>\$354,450</u>	<u>\$357,997</u>

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 - 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 contribution made by the Organization in 2010 was \$4,192. No contribution was made for 2009.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 11 - 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 2010 and 2009 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, 2010 with comparative totals for 2009 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
October 15, 2010

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF NEW YORK CITY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services	Supporting Services		2010	2009
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$370,223	\$ 85,045	\$ -	\$ 455,268	\$ 404,014
Payroll taxes and employee benefits	91,645	14,914	-	106,559	83,535
	<u>461,868</u>	<u>99,959</u>	<u>-</u>	<u>561,827</u>	<u>487,549</u>
Network of Care	57,600	-	-	57,600	160,015
Special events	-	-	29,697	29,697	-
Professional fees	77,659	20,718	52,667	151,044	133,032
Equipment rental and maintenance	16,486	3,037	-	19,523	20,094
Supplies	19,629	5,861	11,027	36,517	45,304
Occupancy	71,655	17,167	-	88,822	82,847
Travel	10,033	3,514	-	13,547	8,984
Insurance	8,095	-	-	8,095	8,762
Telephone	13,291	2,304	-	15,595	14,504
Postage	12,613	4,092	3,018	19,723	19,042
Office expenses	8,481	16,676	59	25,216	24,084
Payment to affiliates	-	406	-	406	3,799
Depreciation	-	7,387	-	7,387	9,054
	<u>\$757,410</u>	<u>\$ 181,121</u>	<u>\$ 96,468</u>	<u>\$1,034,999</u>	
Total Expenses, 2010					
Total Expenses, 2009	<u>\$764,615</u>	<u>\$ 176,591</u>	<u>\$ 75,864</u>		<u>\$1,017,070</u>

See independent auditors' report on additional information.