

**NATIONAL ALLIANCE ON MENTAL ILLNESS
OF NEW YORK CITY, INC.
(formerly known as National Alliance for the
Mentally Ill of New York City, Inc.)**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2008 AND 2007

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.
(formerly known as National Alliance for the
Mentally Ill of New York City, Inc.)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
National Alliance on Mental Illness of New York City, Inc.
(formerly known as National Alliance for the Mentally Ill 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. (formerly known as National Alliance for the Mentally Ill of New York City, Inc.) (a not-for-profit corporation) as of June 30, 2008 and 2007, 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. (formerly known as National Alliance for the Mentally Ill of New York City, Inc.) as of June 30, 2008 and 2007 and the changes in 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
November 12, 2008

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.
(formerly known as National Alliance for the
Mentally Ill of New York City, Inc.)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash (Note 9)	\$ 592,274	\$ 702,245
Investments (Notes 1c and 3)	726,280	381,015
Unconditional promises to give (Notes 1b and 4)		
Unrestricted	75,455	58,392
Prepaid expenses	68,623	10,528
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 5)	34,643	45,069
Security deposit	4,775	4,775
	<u>1,502,050</u>	<u>\$1,202,024</u>
Total Assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 92,776	\$ 101,106
Loan payable (Note 6)	8,599	10,138
Total Liabilities	<u>101,375</u>	<u>111,244</u>
Commitment and Contingency (Note 7)		
Net Assets (Note 2)		
Unrestricted		
Other	1,013,365	723,267
Board designated	160,000	160,000
Total Unrestricted	<u>1,173,365</u>	<u>883,267</u>
Temporarily restricted	<u>227,310</u>	<u>207,513</u>
Total Net Assets	<u>1,400,675</u>	<u>1,090,780</u>
	<u>\$1,502,050</u>	<u>\$1,202,024</u>
Total Liabilities and Net Assets		

See notes to financial statements.

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

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>			<u>2007</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Changes in Net Assets						
Revenue and Public Support						
Membership dues	\$ 20,404	\$ -	\$ 20,404	\$ 34,811	\$ -	\$ 34,811
Contributions	468,634	205,922	674,556	408,096	260,875	668,971
Special events, net of direct expenses and revenue sharing (Note 8)	398,295	-	398,295	402,964	33,652	436,616
Interest income	31,588	-	31,588	30,488	885	31,373
Other income	644	-	644	1,856	-	1,856
Net assets released from restriction	186,125	(186,125)	-	265,808	(265,808)	-
Total Revenue and Public Support	<u>1,105,690</u>	<u>19,797</u>	<u>1,125,487</u>	<u>1,144,023</u>	<u>29,604</u>	<u>1,173,627</u>
Expenses						
Program Services	604,316	-	604,316	575,359	-	575,359
Support Services						
General and administrative	128,882	-	128,882	89,112	-	89,112
Fundraising	82,394	-	82,394	87,093	-	87,093
Total Supporting Services	<u>211,276</u>	<u>-</u>	<u>211,276</u>	<u>176,205</u>	<u>-</u>	<u>176,205</u>
Total Expenses	<u>815,592</u>	<u>-</u>	<u>815,592</u>	<u>751,564</u>	<u>-</u>	<u>751,564</u>
Increase in net assets	290,098	19,797	309,895	392,459	29,604	422,063
Net assets, beginning of year	<u>883,267</u>	<u>207,513</u>	<u>1,090,780</u>	<u>490,808</u>	<u>177,909</u>	<u>668,717</u>
Net Assets, End of Year	<u><u>\$ 1,173,365</u></u>	<u><u>\$ 227,310</u></u>	<u><u>\$1,400,675</u></u>	<u><u>\$ 883,267</u></u>	<u><u>\$ 207,513</u></u>	<u><u>\$1,090,780</u></u>

See notes to financial statements.

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

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 309,895	\$ 422,063
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	10,425	10,525
Increase in:		
Unconditional promises to give	(17,063)	(58,392)
Prepaid expenses and other current assets	(58,095)	(3,762)
Increase (decrease) in:		
Accounts payable and accrued expenses	(8,330)	77,597
Deferred revenue	-	(40,000)
Net Cash Provided By Operating Activities	<u>236,832</u>	<u>408,031</u>
 Cash Flows From Investing Activities		
Purchases of investments	(601,276)	(381,015)
Sales of investments	256,012	-
Net Cash Used By Investing Activities	<u>(345,264)</u>	<u>(381,015)</u>
 Cash Flows From Financing Activities		
Loan principal payments	<u>(1,539)</u>	<u>(1,540)</u>
Net increase (decrease) in cash	(109,971)	25,476
Cash, beginning of year	<u>702,245</u>	<u>676,769</u>
 Cash, End of Year	<u><u>\$ 592,274</u></u>	<u><u>\$ 702,245</u></u>

See notes to financial statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.
(formerly known as National Alliance for the
Mentally Ill of New York City, Inc.)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 1 - Summary of Significant Accounting Policies

a - Organization

National Alliance on Mental Illness of New York City, Inc. (formerly known as National Alliance for the Mentally Ill 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 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 reports investments at fair value in the statement of financial position. Unrealized 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. Income earned on investments that is restricted by the donor is reported as increases in unrestricted net assets if the restrictions expire on the fiscal year in which the income is recognized.

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 - 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.

f - 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.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 1 - Summary of Significant Accounting Policies (continued)

g - 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.

h - Name Change

The Board of Directors voted to change the Organization's name to National Alliance on Mental Illness of New York City, Inc. from National Alliance for the Mentally Ill of New York City, Inc.

Note 2 - Net Assets

a - Board Designated

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

Rent fund		\$100,000
Emergency operating reserve		<u>60,000</u>
Total		<u>\$160,000</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 consist of the following:

	<u>2008</u>	<u>2007</u>
Certificates of deposit	\$126,280	\$381,015
Bonds	521,822	-
Cash and cash equivalents	<u>78,178</u>	<u>-</u>
	<u>\$726,280</u>	<u>\$381,015</u>

The cost of the investments approximates fair value.

Note 4 - Unconditional Promises to Give

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 5 - Property and Equipment

Property and equipment consists of the following:

	<u>Life</u>	<u>2008</u>	<u>2007</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>(99,904)</u>	<u>(89,478)</u>
Net		<u>\$ 34,643</u>	<u>\$ 45,069</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$10,425 and \$10,525, 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>	
2009	\$62,745
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, 2008 and 2007 was \$61,618 and \$60,410, respectively.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF NEW YORK CITY, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 7 - Commitment and Contingency (continued)

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:

	2008	2007
Special events including contributions and revenue	\$519,034	\$529,744
Less: Expenses directly benefiting donors	(75,662)	(30,173)
Less: Revenue sharing with other organizations	(45,077)	(62,955)
	\$398,295	\$436,616

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.

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



**INDEPENDENT AUDITOR'S REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
National Alliance on Mental Illness of New York City, Inc.
(formerly known as National Alliance for the Mentally Ill 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. (formerly known as National Alliance for the Mentally Ill of New York City, Inc.) for 2008 and 2007 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, 2008 with comparative totals for 2007 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
November 12, 2008

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

YEAR ENDED JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2008</u>	<u>2007</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Salaries	\$347,513	\$ 26,048	\$ -	\$373,561	\$326,496
Payroll taxes and employee benefits	71,064	5,894	-	76,958	69,171
	<u>418,577</u>	<u>31,942</u>	<u>-</u>	<u>450,519</u>	<u>395,667</u>
Special events	-	-	30,388	30,388	74,482
Professional fees	55,484	20,103	41,300	116,887	68,041
Equipment rental and maintenance	14,722	6,296	-	21,018	15,976
Supplies	16,078	6,476	10,225	32,779	35,054
Occupancy	56,568	24,192	-	80,760	75,977
Travel	8,927	2,534	-	11,461	6,976
Insurance	322	8,412	-	8,734	8,512
Telephone	7,193	3,083	104	10,380	9,250
Postage	12,203	5,410	41	17,654	20,432
Office expenses	7,857	6,554	336	14,747	15,985
Payment to affiliates	50	3,843	-	3,893	5,324
Newsletter	3,872	2,075	-	5,947	9,363
Depreciation	2,463	7,962	-	10,425	10,525
Total Expenses, 2008	<u>\$604,316</u>	<u>\$ 128,882</u>	<u>\$ 82,394</u>	<u>\$815,592</u>	
Total Expenses, 2007	<u>\$575,359</u>	<u>\$ 89,112</u>	<u>\$ 87,093</u>		<u>\$751,564</u>

See independent auditor's report on additional information.