*Treatment Advocacy Center*

Financial Statements
and
Independent Auditors' Report

June 30, 2019 and 2018

Halt Buzas & Powell, LTD
TRUST, INTEGRITY AND A COMMITMENT TO YOUR SUCCESS

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# Independent Auditors' Report

To the Board of Directors
Treatment Advocacy Center
Arlington, Virginia

We have audited the accompanying financial statements of Treatment Advocacy Center (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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.

*Auditors' Responsibility*

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 from 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 auditors' 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 above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Halt, Buzas & Powell, Ltd.

Alexandria, Virginia
January 30, 2020

Treatment Advocacy Center

Statements of Financial Position

June 30, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Cash | $ 464,865 | $ 385,100 |
| Marketable investments | 537,483 | 434,071 |
| Contracts and other receivable | 18,920 | 36,516 |
| Inventory | 363 | 620 |
| Prepaid expenses | 32,556 | 27,110 |
| Property and equipment, net | 21,152 | 25,829 |
| Deposit | 22,218 | 22,218 |
| Total assets | $ 1,097,557 | $ 931,464 |
| **Liabilities and Net Assets** | | |
| Accounts payable | $ 24,874 | $ 36,337 |
| Accrued expenses | 95,017 | 87,090 |
| Capital lease obligation | 11,670 | 15,000 |
| Deferred rent | 75,326 | 74,882 |
| Total liabilities | 206,887 | 213,309 |
| Net assets: | | |
| Without donor restrictions | 737,351 | 589,965 |
| With donor restrictions | 153,319 | 128,190 |
| Total net assets | 890,670 | 718,155 |
| Total liabilities and net assets | $ 1,097,557 | $ 931,464 |

See accompanying notes to the financial statements.

Treatment Advocacy Center

Statement of Activities

For the Year Ended June 30, 2019

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Revenues: | | | |
| Other contributions | $ 1,099,458 | $ 232,500 | $ 1,331,958 |
| Stanley Foundation contributions | 600,000 | - | 600,000 |
| Contract revenue | 122,620 | - | 122,620 |
| In-kind contributions | 112,637 | - | 112,637 |
| Other income | 30,086 | - | 30,086 |
| Investment income | 25,461 | - | 25,461 |
| Net assets released from restrictions: | | | |
| Satisfaction of donor restrictions | 207,371 | (207,371) | - |
| Total revenues | 2,197,633 | 25,129 | 2,222,762 |
| Expenses: | | | |
| Program services | 1,413,289 | - | 1,413,289 |
| Support services: | | | |
| Management and general | 488,877 | - | 488,877 |
| Fundraising | 148,081 | - | 148,081 |
| Total support services | 636,958 | - | 636,958 |
| Total expenses | 2,050,247 | - | 2,050,247 |
| Change in net assets | 147,386 | 25,129 | 172,515 |
| Net assets, beginning of year | 589,965 | 128,190 | 718,155 |
| Net assets, end of year | $ 737,351 | $ 153,319 | $ 890,670 |

See accompanying notes to the financial statements.

Treatment Advocacy Center

Statement of Activities

For the Year Ended June 30, 2018

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Revenues: | | | |
| Other contributions | $ 998,748 | $ 269,158 | $ 1,267,906 |
| Stanley Foundation contributions | 600,000 | - | 600,000 |
| Contract revenue | 108,997 | - | 108,997 |
| In-kind contributions | 125,429 | - | 125,429 |
| Other income | 25,130 | - | 25,130 |
| Investment income | 21,288 | - | 21,288 |
| Net assets released from restrictions: | | | |
| Satisfaction of donor restrictions | 218,590 | (218,590) | - |
| Total revenues | 2,098,182 | 50,568 | 2,148,750 |
| Expenses: | | | |
| Program services | 1,308,748 | - | 1,308,748 |
| Support services: | | | |
| Management and general | 441,883 | - | 441,883 |
| Fundraising | 133,911 | - | 133,911 |
| Total support services | 575,794 | - | 575,794 |
| Total expenses | 1,884,542 | - | 1,884,542 |
| Change in net assets | 213,640 | 50,568 | 264,208 |
| Net assets, beginning of year | 376,325 | 77,622 | 453,947 |
| Net assets, end of year | $ 589,965 | $ 128,190 | $ 718,155 |

See accompanying notes to the financial statements.

Treatment Advocacy Center

Statement of Functional Expenses

For the Year Ended June 30, 2019

| | Program services | Management and general | Fundraising | Total support services | Total expenses |
|---|---|---|---|---|---|
| Salaries | $ 946,660 | $ 170,984 | $ 109,370 | $ 280,354 | $ 1,227,014 |
| Retirement plan | 30,142 | 5,444 | 3,482 | 8,926 | 39,068 |
| Employee benefits | 51,641 | 9,327 | 5,966 | 15,293 | 66,934 |
| Payroll taxes | 71,726 | 12,955 | 8,287 | 21,242 | 92,968 |
| Office supplies | 18,464 | 3,335 | 2,133 | 5,468 | 23,932 |
| Telephone | 11,191 | 2,021 | 1,293 | 3,314 | 14,505 |
| Postage and shipping | 452 | 5,397 | - | 5,397 | 5,849 |
| Occupancy | 113,357 | 20,474 | 13,096 | 33,570 | 146,927 |
| Equipment rental and maintenance | 2,220 | 401 | 257 | 658 | 2,878 |
| Printing and communications | 17,881 | 10,259 | 2,711 | 12,970 | 30,851 |
| Travel | 97,897 | 24,312 | 900 | 25,212 | 123,109 |
| Conferences, conventions and meetings | 6,281 | 14,921 | - | 14,921 | 21,202 |
| Depreciation and amortization | 1,820 | 8,732 | - | 8,732 | 10,552 |
| Property taxes | - | 3,141 | - | 3,141 | 3,141 |
| Insurance | - | 8,737 | - | 8,737 | 8,737 |
| Computer equipment and support | 3,543 | 21,455 | 409 | 21,864 | 25,407 |
| Dues, subscriptions and reference materials | 2,305 | 135 | - | 135 | 2,440 |
| Consulting fees | 35,126 | 29,197 | - | 29,197 | 64,323 |
| Service fees | 1,764 | 23,139 | 85 | 23,224 | 24,988 |
| Bank fees | 18 | 1,729 | - | 1,729 | 1,747 |
| In-kind services | - | 112,637 | - | 112,637 | 112,637 |
| Interest expense | 801 | 145 | 92 | 237 | 1,038 |
| Total expenses | $ 1,413,289 | $ 488,877 | $ 148,081 | $ 636,958 | $ 2,050,247 |

See accompanying notes to the financial statements

# Treatment Advocacy Center

## Statement of Functional Expenses

### For the Year Ended June 30, 2018

| | Program services | Management and general | Fundraising | Total support services | Total expenses |
|---|---|---|---|---|---|
| Salaries | $ 802,127 | $ 161,601 | $ 92,110 | $ 253,711 | $ 1,055,838 |
| Retirement plan | 26,055 | 5,249 | 2,992 | 8,241 | 34,296 |
| Employee benefits | 39,029 | 7,863 | 4,482 | 12,345 | 51,374 |
| Payroll taxes | 59,671 | 12,022 | 6,852 | 18,874 | 78,545 |
| Office supplies | 16,079 | 3,238 | 1,846 | 5,084 | 21,163 |
| Telephone | 9,013 | 1,816 | 1,035 | 2,851 | 11,864 |
| Postage and shipping | 35 | 3,097 | 1,186 | 4,283 | 4,318 |
| Occupancy | 113,089 | 22,784 | 12,986 | 35,770 | 148,859 |
| Equipment rental and maintenance | 2,623 | 529 | 301 | 830 | 3,453 |
| Printing and communications | 26,615 | 1,914 | 6,177 | 8,091 | 34,706 |
| Travel | 62,054 | 10,592 | 1,370 | 11,962 | 74,016 |
| Conferences, conventions and meetings | 24,842 | 15,040 | - | 15,040 | 39,882 |
| Depreciation and amortization | 7,140 | 15,003 | - | 15,003 | 22,143 |
| Property taxes | - | 1,612 | - | 1,612 | 1,612 |
| Insurance | - | 8,891 | - | 8,891 | 8,891 |
| Computer equipment and support | 2,594 | 18,455 | 298 | 18,753 | 21,347 |
| Dues, subscriptions and reference materials | 2,533 | 256 | 159 | 415 | 2,948 |
| Consulting fees | 113,985 | 3,363 | - | 3,363 | 117,348 |
| Service fees | 370 | 21,095 | 2,015 | 23,110 | 23,480 |
| Bank fees | 7 | 1,855 | - | 1,855 | 1,862 |
| In-kind services | - | 125,429 | - | 125,429 | 125,429 |
| Interest expense | 887 | 179 | 102 | 281 | 1,168 |
| Total expenses | $ 1,308,748 | $ 441,883 | $ 133,911 | $ 575,794 | $ 1,884,542 |

See accompanying notes to the financial statements

Treatment Advocacy Center

Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 172,515 | $ 264,208 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 10,552 | 22,143 |
| Loss on disposal of property and equipment | 145 | - |
| Deferred rent | 444 | 4,704 |
| Realized gain on investments | (456) | (17,457) |
| Unrealized (gain) loss on investments | (15,416) | 1,660 |
| Donated securities | (88,813) | (79,810) |
| Decrease (increase) in assets: | | |
| Contracts and other receivable | 17,596 | 48,985 |
| Contributions receivable | - | 50,000 |
| Inventory | 257 | 568 |
| Prepaid expenses | (5,446) | (15,178) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (11,463) | 7,276 |
| Accrued expenses | 7,927 | (663) |
| Total adjustments | (84,673) | 22,228 |
| Net cash provided by operating activities | 87,842 | 286,436 |
| Cash flows from investing activities: | | |
| Purchases of marketable investments | (88,242) | (203,710) |
| Proceeds from sales of marketable investments | 89,515 | 207,818 |
| Purchases of property and equipment | (6,020) | (2,819) |
| Net cash (used in) provided by investing activities | (4,747) | 1,289 |
| Cash flows from financing activities: | | |
| Principal payments on capital lease obligation | (3,330) | (7,391) |
| Net cash used in financing activities | (3,330) | (7,391) |
| Net increase in cash | 79,765 | 280,334 |
| Cash, beginning of year | 385,100 | 104,766 |
| Cash, end of year | $ 464,865 | $ 385,100 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest expense | $ 1,038 | $ 1,168 |
| Non-cash investing and financing transactions: | | |
| Acquisition of property and equipment through capital lease obligation | $ - | $ 18,200 |

See accompanying notes to the financial statements.

## 1. Organization

The Treatment Advocacy Center (the Organization) is a nonprofit organization that was incorporated in Arlington, Virginia and began operations in 1998. The Organization's mission is to support and conduct research into the treatment for and causes of serious mental illness, and to promote and support the adoption and implementation of laws and practices which increase access to timely and humane treatment for persons with serious brain disorders, incorporating current scientific knowledge, thereby decreasing homelessness, jailings, suicide, violence and other devastating consequences of lack of treatment to the individual and the community. The Organization promotes the benefits of treating severe mental illness by compiling information about those benefits and educating individuals, the public, media, lawmakers and policymakers. The Organization's main source of support is contributions.

Description of program and supporting services

The following program and supporting services are included in the accompanying financial statements:

Education and Advocacy - Education and advocacy program activities are conducted to eliminate barriers to treatment for individuals suffering from severe mental illness. The Organization also serves as an information clearinghouse through its website and publication of on-line and hardcopy newsletters.

Management and general - This supporting service includes the functions necessary to secure proper administrative functioning of the Board of Directors, maintain an adequate working environment, and manage financial and budgetary responsibilities of the Organization.

Fundraising - Fundraising activities include inducing potential donors to contribute money, securities, services, materials, or time through direct mail, electronic and personal contact solicitations.

2. Summary of Significant Accounting Policies

a. Basis of presentation

The Organization's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion. Included in net assets without donor restrictions are $895,996 and $712,074 at June 30, 2019 and 2018, respectively, of board-designated funds. These funds may be used for implementation of the Organization's strategic plan and any activities approved by the board. During the years ended June 30, 2019 and 2018, $91,197 and $37,568 of board-designated funds were used.

- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statements of activities.

b. Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

c. Use of 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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

d. Fair value measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on the Organization's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 2 or 3 inputs for any assets held by the Organization at June 30, 2019 and 2018.

e. Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization is subject to income taxes on taxable income from unrelated business activities. For the years ended June 30, 2019 and 2018, the Organization did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Organization is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of June 30, 2019 and 2018, the Organization had no uncertain tax positions which should be recognized as a liability.

f. Contracts and accounts receivable

Contracts and accounts receivable are due in less than one year and stated at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2019 and 2018, all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized.

g. Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor restrictions or law. The Organization invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements.

h. Inventory

Inventory consists of copies of the book *Madness in the Streets*, which is published by the Organization. Inventory also includes other books purchased by the Organization for promotions, and is stated at the lower of cost or net realizable value by the first-in, first-out method.

i. Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Donated property and equipment is stated at fair value at the date of donation. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Website | 3 years |
| Computer equipment | 5 years |
| Furniture and fixtures | 5 years |

The Organization's policy is to capitalize major additions and improvements over $1,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

j. Deferred rent and lease incentives

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis exceed, or are less than, the cash payments required. Lease incentives received as part of a lease agreement are recognized on a straight-line basis over the life of the lease as a reduction to rent expense.

k. Measure of operations

The accompanying statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programmatic services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

I. Revenue recognition

*i. Contributions*

Contributions, including unconditional promises to give, are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Conditional promises to give, such as matching grants, are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met.

*ii. Contracts*

Contract revenue is recognized as earned when the qualifying costs are incurred. Amounts received in advance are recorded as deferred revenue in the accompanying statements of financial position.

*iii. In-kind contributions*

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited. Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of these contributed services is not recorded as in-kind contributions since the criteria for recognition was not met.

*iv. Other income*

Other income is recognized in the period in which the income is earned.

m. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs, such as salaries, retirement plan, employee benefits, payroll taxes, office supplies, telephone, postage and shipping, occupancy, and equipment rental and maintenance have been allocated among programs and supporting services based on staff level of effort. Depreciation was allocated 100% to management and general and amortization was allocated 100% to program.

n. Adoption of new accounting standard

The Organization has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of these financial statements with no effect on beginning net assets.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements. The Organization plans to adopt the new ASU at the required implementation date.

## 3. Liquidity and Availability

The following represents the Organization's financial assets at June 30:

| Financial assets at year end: | 2019 | 2018 |
|---|---|---|
| Cash | $ 464,865 | $ 385,100 |
| Marketable investments | 537,483 | 434,071 |
| Contracts and accounts receivable | 18,920 | 36,516 |
| Total financial assets | 1,021,268 | 855,687 |
| Less amounts not available within one year: | | |
| Restricted by donor with purpose restrictions | (153,319) | (128,190) |
| Board-designated amount set aside for sustainanibility | (623,712) | (421,321) |
| Financial assets available to meet general expenditures within one year | $ 244,237 | $ 306,176 |

The Organization's goal is generally to maintain liquid financial assets to meet ninety days of operating expenses. As part of its liquidity plan, board-designated reserves are invested in short term investments, including money market accounts and other marketable investments. Additionally, the Organization's Board designated a fund intended for long term sustainability. The sustainability fund is invested in mutual funds and released in annual increments to fund operations.

## 4. Concentrations of Credit Risk

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2019 and 2018, the Organization had bank deposits in excess of FDIC limits of $232,950 and $134,443, respectively.

## 5. Marketable Investments

Investments are comprised of the following at June 30:

| | 2019 Cost | 2019 Fair Value | 2018 Cost | 2018 Fair Value |
|---|---|---|---|---|
| Exchange-traded fund | $ 9,996 | $ 13,771 | $ 9,996 | $ 12,750 |
| Mutual fund | 494,539 | 523,712 | 406,543 | 421,321 |
| Total investments | $ 504,535 | $ 537,483 | $ 416,539 | $ 434,071 |

Investment income is comprised of the following for the years ended June 30:

| | 2019 | 2018 |
|---|---|---|
| Interest and dividends | $ 9,589 | $ 5,491 |
| Realized gain on investments | 456 | 17,457 |
| Unrealized gain (loss) on investments | 15,416 | (1,660) |
| Total investment income | $ 25,461 | $ 21,288 |

At June 30, 2019 and 2018, all of the Organization's assets were classified as Level 1 investments in the fair value hierarchy.

## 6. Property and Equipment, Net

The following is a summary of property and equipment held at June 30:

| | 2019 | 2018 |
|---|---|---|
| Website | $ 40,820 | $ 40,820 |
| Computer equipment | 29,713 | 28,850 |
| Furniture and equipment | 49,578 | 74,339 |
| Property and equipment | 120,111 | 144,009 |
| Accumulated depreciation and amortization | (98,959) | (118,180) |
| Total property and equipment, net | $ 21,152 | $ 25,829 |

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was $10,552 and $22,143, respectively.

## 7. Net Assets With Donor Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2019 and 2018 for the following purposes:

| | 2019 | 2018 |
|---|---|---|
| Midwest mental health | $ 126,560 | $ 67,459 |
| Law enforcement study | 43,399 | 31,601 |
| AOT Symposium | 35,000 | 20,000 |
| AOT Regional trainings | 2,412 | - |
| Bed instead campaign | - | 66,658 |
| General infrastructure | - | 27,872 |
| IMD Campaign | - | 5,000 |
| Total net assets released from restrictions | $ 207,371 | $ 218,590 |

At June 30, 2019 and 2018, net assets with donor restrictions were comprised of the following:

| | 2019 | 2018 |
|---|---|---|
| Midwest mental health | $ 80,731 | $ 84,791 |
| NY NJ Grant | 72,588 | - |
| Law enforcement study | - | 43,399 |
| Total temporarily restricted net assets | $ 153,319 | $ 128,190 |

## 8. In-kind Contributions

The Organization receives in-kind contributions of accounting, administrative services and capital equipment from The Stanley Medical Research Institute, a functionally integrated supporting organization under section 509(a)(3) of the Internal Revenue Code. The value of these contributed goods and services totaled $112,637 and $125,429, respectively, for the years ended June 30, 2019 and 2018.

## 9. Concentrations of Support Revenue Risk

The Organization received a substantial portion of its support from one donor. These contributions constituted approximately 27% and 28%, respectively, of total support and revenue for the years ended June 30, 2019 and 2018. Any significant reduction in revenue and support may adversely impact the Organization financial position and operations.

## 10. Commitments

Operating leases

The Organization leases office space in Arlington, Virginia under a non-cancelable lease that was amended to expire in October 2024. Base annual rent is adjusted for operating costs, real estate taxes, and the Consumer Price Index. Rent expense for the years ended June 30, 2019 and 2018 was $146,927 and $148,859, respectively.

In addition, the Organization has entered into one operating lease for office equipment. The non-cancelable operating lease began in July 2013 and was set to expire in September 2018. The lease was renewed in February 2018 and expires in May 2023. The quarterly payments for the lease were $621. Equipment rent expense was $2,878 and $3,453, respectively, for the years ended June 30, 2019 and 2018.

Aggregate future minimum lease payments are as follows for the years ending June 30:

| | Office Lease | Equipment Lease | Total |
|---|---|---|---|
| 2020 | $ 150,260 | $ 2,484 | $ 152,744 |
| 2021 | 154,784 | 2,484 | 157,268 |
| 2022 | 159,440 | 2,484 | 161,924 |
| 2023 | 164,228 | 2,070 | 166,298 |
| 2024 | 169,149 | - | 169,149 |
| 2025 and thereafter | 57,797 | - | 57,797 |
| Total | $ 855,658 | $ 9,522 | $ 865,180 |

Capital lease

During 2013, the Organization entered into a capital lease to acquire copier equipment. The imputed interest rate on the lease is 7.7% and matured in June of 2018. The copier was disposed of at June 30, 2018.

During 2018, the Organization entered into a new capital lease to acquire copier equipment. The imputed interest rate on the lease is 7.7% and matures in June of 2022. The copier was included in property and equipment and recorded at fair value at the origination of the lease, which was $18,200, less accumulated depreciation of $7,280 and $3,640, at June 30, 2019 and 2018, respectively.

Future minimum lease payments are as follows for the years ending June 30:

| | |
|---|---|
| 2020 | $ 4,368 |
| 2021 | 4,368 |
| 2022 | 4,368 |
| Total | 13,104 |
| Less: approximate amount representing interest | (1,434) |
| Present value of minimum lease payments | $ 11,670 |

11. Retirement Plan

The Organization has a defined contribution retirement plan covering employees who meet certain eligibility requirements. The Organization makes contributions to the plan that equal four percent of employee compensation. The plan's assets are held by a third-party administrator, TIAA-CREF, and are invested based on the participants' instructions. Retirement plan expense for the years ended June 30, 2019 and 2018 was $39,068 and $34,296, respectively.

## 12. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 30, 2020, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.