SIKICH®

Treatment Advocacy Center

Financial Statements
and
Independent Auditor's Report

June 30, 2021 and 2020

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Independent Auditor's 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, 2021 and 2020, 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.

Auditor's 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 audits 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 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 above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, 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.

Emphasis-of-Matter Regarding Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, as amended by ASU 2015-14, which supersedes or replaces nearly all accounting principles generally accepted in the United States of America revenue recognition guidance. The adoption of this ASU did not result in a material change to the accounting for any of the Organization's revenue streams; as such, no cumulative effect adjustment was recorded. Our opinion is not modified with respect to these matters.

Sikich LLP

Alexandria, Virginia
November 4, 2021

Treatment Advocacy Center

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash	$ 280,083	$ 480,695
Marketable investments	112,519	21,740
Contributions receivable	300,000	-
Contracts and other receivable	36,277	17,340
Inventory	363	363
Prepaid expenses	42,319	31,222
Property and equipment, net	56,139	22,125
Deposit	22,218	22,218
Marketable investments, board-designated	1,120,667	848,663
Total assets	$ 1,970,585	$ 1,444,366
Liabilities and Net Assets		
Accounts payable	$ 11,883	$ 11,528
Accrued expenses	128,903	149,663
Deferred revenue	15,000	-
Capital lease obligation	4,192	8,074
Deferred rent	62,907	71,378
Refundable advance	261,422	248,400
Total liabilities	484,307	489,043
Net assets:		
Without donor restrictions	244,268	(224,517)
Without donor restrictions, board-designated	1,165,660	1,108,497
Total without donor restrictions	1,409,928	883,980
With donor restrictions	76,350	71,343
Total net assets	1,486,278	955,323
Total liabilities and net assets	$ 1,970,585	$ 1,444,366

See accompanying notes to the financial statements.

Treatment Advocacy Center

Statement of Activities

For the Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Other contributions	$ 1,092,183	$ 343,702	$ 1,435,885
Stanley Foundation contributions	600,000	-	600,000
Investment income, net	260,093	-	260,093
Contract revenue	233,374	-	233,374
In-kind contributions	142,854	-	142,854
Other income	1,356	-	1,356
Net assets released from restrictions:			
Satisfaction of donor restrictions	338,695	(338,695)	-
Total revenues	2,668,555	5,007	2,673,562
Expenses:			
Program services:			
Education and advocacy	1,304,634	-	1,304,634
Support services:			
Management and general	693,028	-	693,028
Fundraising	144,945	-	144,945
Total support services	837,973	-	837,973
Total expenses	2,142,607	-	2,142,607
Change in net assets	525,948	5,007	530,955
Net assets, beginning of year	883,980	71,343	955,323
Net assets, end of year	$ 1,409,928	$ 76,350	$ 1,486,278

See accompanying notes to the financial statements.

Treatment Advocacy Center

Statement of Activities

For the Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Other contributions	$ 956,418	$ 175,000	$ 1,131,418
Stanley Foundation contributions	600,000	-	600,000
Contract revenue	305,850	-	305,850
In-kind contributions	141,485	-	141,485
Investment income, net	65,468	-	65,468
Other income	1,643	-	1,643
Net assets released from restrictions:			
Satisfaction of donor restrictions	256,976	(256,976)	-
Total revenues	2,327,840	(81,976)	2,245,864
Expenses:			
Program services:			
Education and advocacy	1,542,238	-	1,542,238
Support services:			
Management and general	508,936	-	508,936
Fundraising	130,037	-	130,037
Total support services	638,973	-	638,973
Total expenses	2,181,211	-	2,181,211
Change in net assets	146,629	(81,976)	64,653
Net assets, beginning of year	737,351	153,319	890,670
Net assets, end of year	$ 883,980	$ 71,343	$ 955,323

See accompanying notes to the financial statements.

Treatment Advocacy Center

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Education and advocacy	Management and general	Fundraising	Total support services	Total expenses
Salaries	$ 902,009	$ 332,762	$ 108,060	$ 440,822	$ 1,342,831
Retirement plan	27,292	10,068	3,270	13,338	40,630
Employee benefits	51,531	22,666	6,173	28,839	80,370
Payroll taxes	71,348	26,321	8,547	34,868	106,216
Office supplies	15,994	6,062	1,916	7,978	23,972
Telephone	11,030	12,382	1,321	13,703	24,733
Postage and shipping	1,595	257	967	1,224	2,819
Occupancy	98,502	36,339	11,800	48,139	146,641
Equipment rental and maintenance	2,122	783	254	1,037	3,159
Printing and communications	52,555	4,027	2,421	6,448	59,003
Travel	9,730	9,521	-	9,521	19,251
Conferences, conventions and meetings	2,670	1,618	-	1,618	4,288
Depreciation and amortization	-	8,873	-	8,873	8,873
Property taxes and state registration fees	-	11,556	-	11,556	11,556
Insurance	-	9,794	-	9,794	9,794
Computer equipment and support	1,807	23,366	216	23,582	25,389
Dues, subscriptions and reference materials	4,358	6,353	-	6,353	10,711
Consulting fees	46,644	7,925	-	7,925	54,569
Service fees	5,447	49,719	-	49,719	55,166
Bank fees	-	2,489	-	2,489	2,489
Interest expense	-	2,998	-	2,998	2,998
Accounting fees	-	107,149	-	107,149	107,149
Total expenses	$ 1,304,634	$ 693,028	$ 144,945	$ 837,973	$ 2,142,607

See accompanying notes to the financial statements

Treatment Advocacy Center

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Education and advocacy	Management and general	Fundraising	Total support services	Total expenses
Salaries	$ 981,003	$ 201,897	$ 96,943	$ 298,840	$ 1,279,843
Retirement plan	32,546	6,526	3,216	9,742	42,288
Employee benefits	46,856	14,259	4,630	18,889	65,745
Payroll taxes	73,168	14,671	7,230	21,901	95,069
Office supplies	17,455	3,942	1,725	5,667	23,122
Telephone	10,186	10,511	1,007	11,518	21,704
Postage and shipping	404	1,491	422	1,913	2,317
Occupancy	112,161	22,489	11,084	33,573	145,734
Equipment rental and maintenance	2,095	420	207	627	2,722
Printing and communications	111,182	1,692	1,529	3,221	114,403
Travel	50,652	19,930	1,506	21,436	72,088
Conferences, conventions and meetings	1,687	9,630	-	9,630	11,317
Depreciation and amortization	-	8,418	-	8,418	8,418
Property taxes and state registration fees	-	13,175	-	13,175	13,175
Insurance	-	10,563	-	10,563	10,563
Computer equipment and support	5,340	24,569	513	25,082	30,422
Dues, subscriptions and reference materials	2,707	5,790	-	5,790	8,497
Consulting fees	91,678	835	-	835	92,513
Service fees	3,118	28,955	25	28,980	32,098
Bank fees	-	1,043	-	1,043	1,043
Interest expense	-	772	-	772	772
Accounting fees	-	107,358	-	107,358	107,358
Total expenses	$ 1,542,238	$ 508,936	$ 130,037	$ 638,973	$ 2,181,211

Treatment Advocacy Center

Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 530,955	$ 64,653
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	8,873	8,418
Loss on disposal of property and equipment	-	981
Realized gain on investments	(49,014)	(7,263)
Unrealized gain on investments	(182,039)	(40,689)
Donated securities	(58,283)	(93,318)
Decrease (increase) in assets:		
Contributions receivable	(300,000)	-
Contracts and other receivable	(18,937)	1,580
Prepaid expenses	(11,097)	1,334
Increase (decrease) in liabilities:		
Accounts payable	355	(13,346)
Accrued expenses	(20,760)	54,646
Deferred revenue	15,000	-
Deferred rent	(8,471)	(3,948)
Refundable advance	13,022	248,400
Total adjustments	(611,351)	156,795
Net cash (used in) provided by operating activities	(80,396)	221,448
Cash flows from investing activities:		
Purchases of marketable investments	(181,672)	(290,965)
Proceeds from sales of marketable investments	108,225	99,315
Purchases of property and equipment	(42,887)	(10,372)
Net cash used in investing activities	(116,334)	(202,022)
Cash flows from financing activities:		
Principal payments on capital lease obligation	(3,882)	(3,596)
Net cash used in financing activities	(3,882)	(3,596)
Net (decrease) increase in cash	(200,612)	15,830
Cash, beginning of year	480,695	464,865
Cash, end of year	$ 280,083	$ 480,695
Supplemental disclosures of cash flow information:		
Cash paid for interest expense	$ 2,998	$ 772

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 accounting principles generally accepted in the United States of America (USGAAP) 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 $1,165,660 and $1,108,497 at June 30, 2021 and 2020, 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, 2021 and 2020, $288,332 and $60,036 of board-designated funds were used. At June 30, 2020, the Board has restricted more than the available amount by $224,517.

- *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.

b. Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with USGAAP.

c. Use of estimates

The preparation of financial statements in conformity with USGAAP 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

USGAAP establishes a framework for measuring fair value. The framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

Valuation techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2021 and 2020. There were no Level 2 and Level 3 inputs for any assets held by the Organization at June 30, 2021 and 2020.

- Mutual funds: valued at the daily closing price as reported by the fund on the last trading day of the fiscal year
- Exchange-traded fund: valued at the closing quoted price in an active market.

e. Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provision of state law. The Organization is not classified as a private foundation.

f. Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. All contributions receivable are expected to be collected in less than one year and are reported 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, 2021 and 2020, management estimates that all receivables are fully collectible, therefore no allowance for doubtful accounts have been recognized.

g. Contracts and other receivable

Contracts and other 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, 2021 and 2020, all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized.

h. Contract balances

The timing of revenue recognition, billings and cash collections results in billed contracts and other receivables (contract assets) and deferred revenue (contract liabilities) on the accompanying statements of financial position. For contract revenues, amounts are billed as work progresses in accordance with agreed-upon contractual terms, at periodic intervals (e.g., quarterly or monthly). Generally, billing occurs subsequent to revenue recognition, resulting in contract assets.

i. 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. Donated securities are recorded at their fair value on the date of the donation. Investment income is reported net of external and direct internal investment expenses.

j. 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.

k. 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.

l. 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.

m. Revenue recognition

i. Contributions

The Organization recognizes other contributions and Stanley Foundation contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as donor restricted support 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, donor restricted net assets 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. Conditional amounts received prior to all conditions being met are recorded as refundable advances on the accompanying statements of financial position. There were no conditional contributions awarded, but not received at June 30, 2021 and 2020.

ii. Contracts

Contract revenue is measured based on the consideration specified in a contract with a customer. The Organization provides learning material and performs research studies as a subrecipient of cost plus fixed fee federal contracts. The Organization recognizes revenue over time, each month, to the extent of hours worked, expenses incurred and indirect cost allocated to the contract, based primarily on the input method which is contract costs incurred to date compared to total estimated cost, plus the fee earned. This method is the most accurate depiction of the Organization's performance because it directly measures the value of the services transferred to the customer. Determining when control transfers requires management to make judgments that affect the timing of revenue recognized. The Organization believes that methods used provide a faithful depiction of the transfer of control of its products and services. Payments are typically due within thirty days of billing. The revenue stream described does not include variable consideration estimated by the Organization.

The beginning and ending contract balances were as follows at June 30:

	2021	2020	2019
Contracts and other receivables	$ 36,277	$ 17,340	$ 18,920
Deferred revenue	$ 15,000	$ -	$ -

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.

n. 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.

o. Adoption of new accounting standards

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, the Organization refers to the new Topic 606 and Subtopic 340-40 as the "new guidance".

The Organization adopted the requirements of the new guidance as of July 1, 2019, utilizing the modified retrospective method of transition. Results for reporting periods beginning after July 1, 2019 are presented under ASC 606. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019. Adoption of the new guidance resulted in changes to the Organization's accounting policies for revenue recognition.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. This standard is intended to address questions stemming from ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, regarding its implications on grants and contracts of not-for-profit organizations. The change in accounting principle was adopted on a modified prospective basis as of July 1, 2019. There was no material difference between revenue recognition under the new standard and revenue recognition under legacy USGAAP.

p. Emerging accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosure about leasing arrangements. ASU No. 2016-02, as amended by 2020-05, is effective for nonprofit entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new lease standard at the beginning of the earliest period presented in the financial statements.

In July 2018, FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The standard is effective for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. The Organization is currently assessing the impact of this new standard.

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:	2021	2020
Cash	$ 280,083	$ 480,695
Marketable investments	1,233,186	870,403
Contributions receivable	300,000	-
Contracts and other receivable	36,277	17,340
Total financial assets	1,849,546	1,368,438
Less amounts not available within one year:		
Restricted by donor with purpose restrictions	(76,350)	(71,343)
Board-designated amount set aside for sustainability	(1,165,660)	(848,663)
Board-designated amount set aside for Torrey Action Fund	-	(259,834)
Total	(1,242,010)	(1,179,840)
Financial assets available to meet general expenditures within one year	$ 607,536	$ 188,598

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, 2021 and 2020, the Organization had bank deposits in excess of FDIC limits of $30,083 and $230,695, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

5. Marketable Investments

Investments are classified as Level 1 investments in the fair value hierarchy and are comprised of the following at June 30:

	2021 Fair Value	2020 Fair Value
Exchange-traded fund	$ 112,519	$ 21,740
Mutual fund	1,120,667	848,663
Total investments	$ 1,233,186	$ 870,403

6. Property and Equipment, Net

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

	2021	2020
Website	$ 81,870	$ 44,120
Computer equipment	19,647	21,032
Furniture and equipment	49,578	49,578
Property and equipment	151,095	114,730
Accumulated depreciation and amortization	(94,956)	(92,605)
Total property and equipment, net	$ 56,139	$ 22,125

7. Refundable Advance

The Paycheck Protection Program is a low-interest Small Business Administration (SBA) loan and generally covers two and a half months of payroll costs and may be forgiven entirely if the borrower maintains certain staffing levels and spends a certain amount of funds on salaries and other qualifying expenditures during the qualified period. The loan is uncollateralized and it is fully guaranteed by the Federal government. The Organization was approved for a loan in April 2020 under this program in the amount of $248,400, with an interest rate of 1% and a maturity date of April, 2022. This loan was forgiven during the year ended June 30, 2021 and is recognized in other contributions on the accompanying statement of activities. The Organization received a second PPP loan in the amount of $261,422 with a 1% interest rate that is set to mature in March 2026. The balance of the loan is included on the accompanying statement of financial position as of June 30, 2021 as a refundable advance until forgiven.

8. Net Assets With Donor Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2021 and 2020 for the following purposes:

	2021	2020
Midwest mental health	$ 167,621	$ 163,760
AOT Symposium	19,872	20,628
AOT Regional trainings	-	72,588
DJ Jaffe Advocacy Fund	151,202	-
Total net assets released from restrictions	$ 338,695	$ 256,976

At June 30, 2021 and 2020, net assets with donor restrictions were comprised of the following:

	2021	2020
Midwest mental health	$ 61,849	$ 66,970
AOT Symposium	14,500	4,373
Total net assets with donor restrictions	$ 76,349	$ 71,343

9. Related Party Transactions

The Organization received total contributions from board members of $48,803 and $375,253, respectively, for the years ended June 30, 2021 and 2020.

10. Sustainability Fund

The Organization's quasi-endowment consists of funds which are designated by the Board of Directors for long-term sustainability. As required by USGAAP, endowment funds that are board-designated and do not contain any donor-imposed restrictions are classified as net assets without donor restrictions

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible.Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year 5% of its endowment balance. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation.

Change in quasi-endowment net assets for the year ended June 30, 2021 was:

	Without Donor Restrictions
Quasi-endowment net assets, beginning of year	$ 848,663
Investment return	
Investment income	28,130
Net appreciation	185,590
Total investment return	213,720
Amounts appropriated for expenditures	(96,723)
Contributions	200,000
Quasi-endowment net assets, end of year	$ 1,165,660

Change in quasi-endowment net assets for the year ended June 30, 2020 was:

	Without Donor Restrictions
Quasi-endowment net assets, beginning of year	$ 623,712
Investment return	
Investment income	16,622
Net appreciation	34,329
Total investment return	50,951
Amounts appropriated for expenditure	(26,000)
Contributions	200,000
Quasi-endowment net assets, end of year	$ 848,663

11. 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 $142,854 and $141,485, respectively, for the years ended June 30, 2021 and 2020.

12. Concentrations of Support Revenue Risk

The Organization received a substantial portion of its support from one donor. These contributions constituted approximately 25% and 27% of total support and revenue for the years ended June 30, 2021 and 2020, respectively. Any significant reduction in revenue and support may adversely impact the Organization financial position and operations.

13. Commitments and contingencies

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, 2021 and 2020 was $146,641 and $145,734, 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 $3,159 and $2,722 for the years ended June 30, 2021 and 2020, respectively.

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

	Office Lease	Equipment Lease	Total
2022	$ 159,440	$ 2,484	$ 161,924
2023	164,228	2,070	166,298
2024	169,149	-	169,149
2025	57,797	-	57,797
Total	$ 550,614	$ 4,554	$ 555,168

Capital lease

During 2018, the Organization entered into a 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 $14,560 and $10,920, at June 30, 2021 and 2020, respectively.

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

2022	$ 4,368
Less: approximate amount representing interest	(176)
Present value of minimum lease payments	$ 4,192

Contingency

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the operations of the Organization. The Organization has taken steps to reduce expenses and it applied for and received the Payroll Protection Program loan under the Cares Act, to ensure that the Organization has adequate cash if charitable contributions decline. The overall potential impact is unknown at this time; however, management continues to carefully monitor the situation and evaluate its options during this time. No adjustments have been recorded in the accompanying financial statements as a result of this uncertainty.

14. 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, 2021 and 2020 was $40,630 and $42,288, respectively.

15. Disaggregation of Revenue

Revenue and related profit from research and learning material contracts is recognized as the Organization's performance obligations are satisfied over time. The Organization entered into one year contracts with two non-profit organizations in the United States of America who receive federal funding. The contracts are cost plus fixed fee agreements and the Organization bills for costs incurred on a monthly basis. As a subcontractor receiving federal funds, the Organization develops online learning modules on Assisted Outpatient Treatment and performs research studies on mental disorders.

Various economic factors affect the recognition of revenue and cash flows, including the Organization's ability to conduct research and provide learning material. Any negative economic impact to the area could significantly affect revenues and cash slows. Additionally, cost-based contracts involve less risk, but often are less profitable. No significant events occurred that had a material impact on the Organization's revenue recognition or cash flows for the years ended June 30, 2021 and 2020.

16. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 4, 2021, which is the date the financial statements were available to be issued. There were no additional subsequent events that require recognition of, or disclosure in, these financial statements.