

Association of Infant Mental Health in Tennessee
Financial Statements
September 30, 2020 and 2019

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Independent Auditor's Report

Board of Directors of
Association of Infant Mental Health in Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Association of Infant Mental Health in Tennessee (a not-for-profit organization, the Association), which comprise the statements of financial position as of September 30, 2020 and 2019, 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 audit. 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 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 Association of Infant Mental Health in Tennessee as of September 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC
Brentwood, Tennessee
January 6, 2021

Association of Infant Mental Health in Tennessee
Statement of Financial Position
September 30, 2020 and 2019

| | 2020 | 2019 |
|---------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 116,991 | \$ 48,522 |
| Accounts receivable | - | 3,700 |
| Grants receivable | 162,658 | 167,123 |
| Prepays | <u>424</u> | <u>4,826</u> |
| Total assets | <u><u>\$ 280,073</u></u> | <u><u>\$ 224,171</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable | \$ 82,581 | \$ 73,670 |
| Deferred revenue | 9,000 | - |
| Accrued expenses | 8,350 | 6,270 |
| Refundable advance | 51,661 | 23,754 |
| Note payable | <u>50,000</u> | <u>50,000</u> |
| Total current liabilities | <u>201,592</u> | <u>153,694</u> |
| Net assets | | |
| Net assets without donor restrictions | 69,535 | 61,301 |
| Net assets with donor restrictions | <u>8,946</u> | <u>9,176</u> |
| Total net assets | <u>78,481</u> | <u>70,477</u> |
| Total liabilities and net assets | <u><u>\$ 280,073</u></u> | <u><u>\$ 224,171</u></u> |

See notes to financial statements.

Association of Infant Mental Health in Tennessee
Statement of Activities
For the Year Ended September 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|---|------------------------------------|------------------|
| Public Support and Revenue | | | |
| Grants | \$ 695,629 | \$ - | \$ 695,629 |
| Contributions | 3,337 | 575 | 3,912 |
| Sponsorships | 550 | - | 550 |
| Conferences | 623 | - | 623 |
| Membership dues | 2,775 | - | 2,775 |
| Net assets released from restrictions | 805 | (805) | - |
| Total public support and revenue | <u>703,719</u> | <u>(230)</u> | <u>703,489</u> |
| Expenses | | | |
| Program services | 674,076 | - | 674,076 |
| Management and general | 21,409 | - | 21,409 |
| Total expenses | <u>695,485</u> | <u>-</u> | <u>695,485</u> |
| Change in net assets | 8,234 | (230) | 8,004 |
| Net assets - beginning of year | 61,301 | 9,176 | 70,477 |
| Net assets - end of year | <u>\$ 69,535</u> | <u>\$ 8,946</u> | <u>\$ 78,481</u> |

See notes to financial statements.

Association of Infant Mental Health in Tennessee
Statement of Activities
For the Year Ended September 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|---|------------------------------------|------------------|
| Public Support and Revenue | | | |
| Grants | \$ 556,049 | \$ 10,000 | \$ 566,049 |
| Contributions | 589 | - | 589 |
| Sponsorships | 9,650 | - | 9,650 |
| Membership dues | 4,957 | - | 4,957 |
| Net assets released from restrictions | 824 | (824) | - |
| Total public support and revenue | <u>572,069</u> | <u>9,176</u> | <u>581,245</u> |
| Expenses | | | |
| Program services | 534,593 | - | 534,593 |
| Management and general | 21,469 | - | 21,469 |
| Total expenses | <u>556,062</u> | <u>-</u> | <u>556,062</u> |
| Change in net assets | 16,007 | 9,176 | 25,183 |
| Net assets - beginning of year | 45,294 | - | 45,294 |
| Net assets - end of year | <u>\$ 61,301</u> | <u>\$ 9,176</u> | <u>\$ 70,477</u> |

See notes to financial statements.

Association of Infant Mental Health in Tennessee
Statement of Functional Expenses
For the Year Ended September 30, 2020

| | Program Services | | | | | |
|----------------------------|--|---------------------------------|--|-----------------------------------|-----------------------------------|-------------------|
| | Training & Technical Assistance | Community Engagement | Reflective Supervision & Consultation | Total Program Services | Management and General | Total |
| Salaries | \$ 92,485 | \$ 63,722 | \$ 56,966 | \$ 213,173 | \$ - | \$ 213,173 |
| Payroll taxes and benefits | 22,972 | 15,856 | 13,338 | 52,166 | - | 52,166 |
| Rent | 1,554 | 489 | - | 2,043 | - | 2,043 |
| Consulting | 165,957 | 17,785 | 95,808 | 279,550 | - | 279,550 |
| Professional fees | 24,424 | 12,745 | 13,251 | 50,420 | 7,047 | 57,467 |
| Travel | 9,296 | 3,957 | 1,711 | 14,964 | 469 | 15,433 |
| Conferences and meetings | 18,562 | 6,076 | 3,434 | 28,072 | 12,402 | 40,474 |
| Supplies | 3,286 | 3,978 | 443 | 7,707 | 356 | 8,063 |
| Utilities | 2,416 | 1,670 | 1,314 | 5,400 | - | 5,400 |
| Insurance | 836 | 422 | 502 | 1,760 | - | 1,760 |
| Dues and subscriptions | - | - | - | - | 260 | 260 |
| Printing and publications | 169 | 17,787 | 201 | 18,157 | 196 | 18,353 |
| Postage | 39 | 625 | - | 664 | - | 664 |
| Bank and credit card fees | - | - | - | - | 679 | 679 |
| Total | \$ 341,996 | \$ 145,112 | \$ 186,968 | \$ 674,076 | \$ 21,409 | \$ 695,485 |

See notes to financial statements.

Association of Infant Mental Health in Tennessee
Statement of Functional Expenses
For the Year Ended September 30, 2019

| | Program Services | | | | | Total |
|----------------------------|---------------------------------|----------------------|---------------------------------------|-------------------|------------------------|-------------------|
| | Training & Technical Assistance | Community Engagement | Reflective Supervision & Consultation | | Total Program Services | |
| Salaries | \$ 82,071 | \$ 43,115 | \$ 28,811 | \$ 153,997 | \$ 2,330 | \$ 156,327 |
| Payroll taxes and benefits | 19,944 | 11,120 | 6,953 | 38,017 | 170 | 38,187 |
| Rent | 1,135 | 284 | - | 1,419 | 129 | 1,548 |
| Consulting | 132,994 | 16,933 | 55,851 | 205,778 | - | 205,778 |
| Professional fees | 11,678 | 4,593 | 5,592 | 21,863 | 6,839 | 28,702 |
| Travel | 19,967 | 8,840 | 2,328 | 31,135 | 1,439 | 32,574 |
| Conferences and meetings | 19,432 | 4,830 | 18,727 | 42,989 | 8,172 | 51,161 |
| Supplies | 7,013 | 3,347 | 202 | 10,562 | 178 | 10,740 |
| Utilities | 2,109 | 1,221 | 720 | 4,050 | - | 4,050 |
| Insurance | 1,120 | 388 | 216 | 1,724 | - | 1,724 |
| Dues and subscriptions | - | - | - | - | 220 | 220 |
| Printing and publications | 14,554 | 4,420 | 4,045 | 23,019 | 863 | 23,882 |
| Postage | 31 | 9 | - | 40 | - | 40 |
| Bank and credit card fees | - | - | - | - | 1,129 | 1,129 |
| Total | \$ 312,048 | \$ 99,100 | \$ 123,445 | \$ 534,593 | \$ 21,469 | \$ 556,062 |

See notes to financial statements.

Association of Infant Mental Health in Tennessee
Statement of Cash Flows
For the Years Ended September 30, 2020 and 2019

| | 2020 | 2019 |
|---|-------------|-------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 8,004 | \$ 25,183 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Change in assets and liabilities: | | |
| Accounts receivable | 3,700 | (3,700) |
| Grants receivable | 4,465 | (137,610) |
| Prepays | 4,402 | (3,243) |
| Accounts payable | 8,911 | 60,391 |
| Deferred revenue | 9,000 | - |
| Accrued expenses | 2,080 | 2,681 |
| Refundable advance | 27,907 | 23,754 |
| | <hr/> | <hr/> |
| Net cash provided (used) by operating activities | 68,469 | (32,544) |
| | <hr/> | <hr/> |
| Cash flows from financing activities | | |
| Proceeds from issuance of note payable | - | 50,000 |
| Payment on note payable | - | (30,000) |
| | <hr/> | <hr/> |
| Net cash provided by financing activities | - | 20,000 |
| | <hr/> | <hr/> |
| Net increase (decrease) in cash | 68,469 | (12,544) |
| | <hr/> | <hr/> |
| Cash - beginning of year | 48,522 | 61,066 |
| | <hr/> | <hr/> |
| Cash - end of year | \$ 116,991 | \$ 48,522 |
| | <hr/> <hr/> | <hr/> <hr/> |

See notes to financial statements.

Association of Infant Mental Health in Tennessee
Notes to Financial Statements
September 30, 2020 and 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Association of Infant Mental Health in Tennessee was born out of a grassroots initiative which brought together individuals and agencies interested in infant and early childhood mental health. The Association continues to work to develop relationships across departments and agencies, identify existing resources and opportunities, and work to identify what is needed to address the mental health needs of infants, young children, and their families. The Association’s mission is accomplished via three primary program areas of focus: Training and Technical Assistance, Community Engagement, and Professional Development support which includes Infant Mental Health Endorsement® and Reflective Supervision/Consultation.

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed for not-for-profit organizations. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are available for use at the discretion of the Association’s Board of Directors and/or management for general operating purposes.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed, time, and/or purpose restrictions. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent in the same fiscal year.

Cash – The Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at September 30, 2020 are fully collectible.

Grants Receivable – Grants receivable represent the amounts due from grantors for which expenses have been incurred and when application has been made for reimbursement. It is the opinion of management that all grants receivable at September 30, 2020 are fully collectible.

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts, and the disclosure of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Membership Dues – Membership dues are recognized over the membership period. The Association believes the value received is commensurate with the annual dues amount.

Revenue Recognition – Revenue is recognized at the time of the contribution from the donor. Grant revenue is recognized at the time the grant is awarded if no performance obligation is required. Revenue from reimbursement-driven grants is recognized once the cost has been incurred and the right to collect exists.

Association of Infant Mental Health in Tennessee
Notes to Financial Statements (Continued)
September 30, 2020 and 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes – Association of Infant Mental Health in Tennessee is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Association has made no provision for income taxes.

Functional Allocation of Expenses – The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Association are reported as expenses of those functional areas. All items in the statements of functional expenses have been determined on an invoice-by-invoice basis except for salaries, payroll taxes, and benefits, which are allocated based on time and effort spent and in accordance with grant requirements.

Accounting Pronouncements Adopted – In August 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 will result in treatment of most federal grants as donor-restricted conditional contributions rather than exchange transactions and applies to all entities that make or receive contributions. The new standard also clarifies the criteria for evaluation whether contributions are unconditional or conditional. The Association adopted the provision of ASU No. 2018-08 in fiscal year 2020. The adoption of this standard was applied retrospectively to the earliest date presented. As of and for the year ended September 30, 2019, the adoption of this standard resulted in a liability recognized of \$23,754, decrease in grants receivable of \$16,511, and a decrease in grant revenue of \$40,265.

Note 2 – Liquidity and Availability of Resources

The following represents the Association's financial assets as of September 30:

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Financial assets: | | |
| Cash | \$ 116,991 | \$ 48,522 |
| Accounts receivable | - | 3,700 |
| Grants receivable | 162,658 | 167,123 |
| Total financial assets at year end | <u>279,649</u> | <u>219,345</u> |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | <u>(8,946)</u> | <u>(9,176)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 270,703</u> | <u>\$ 210,169</u> |

The Association's monthly operating expenses are approximately \$62,000. The Association has a \$30,000 line of credit of which no balance has been drawn on as of September 30, 2020 and 2019 that could be available for operating needs in the future.

Association of Infant Mental Health in Tennessee
Notes to Financial Statements (Continued)
September 30, 2020 and 2019

Note 3 – Note Payable

In May 2019, the Association entered into a note payable with another not-for-profit in the amount of \$50,000. The note payable has an imputed interest rate of 2.96%. Interest only payments of \$131 are required monthly. Subsequent to the year ended September 30, 2020, the Association entered into an agreement with the not-for-profit to extend the maturity date from December 31, 2020 to January 31, 2021.

Note 4 – Net Assets with Donor Restrictions

Net assets restricted by donors consist of \$8,946 and \$9,176 as of September 30, 2020 and 2019, respectively. These assets are restricted for the financial technical assistance project.

Note 5 – Employer Retirement Contributions

The Association provides a 5% retirement contribution to employees based on gross pay. During the years ended September 30, 2020 and 2019, the Association contributed \$10,658 and \$7,328, respectively.

Note 6 – Related Party Transactions

The Association entered into transactions with a company affiliated with a board member during the year ended September 30, 2019. The board member provided consulting services amounting to \$20,084 and the amount payable to this company was \$4,173 at September 30, 2019.

The Association entered into transactions with an organization on whose board the Association's Executive Director serves. Transactions for consulting, licensing, and conferences amounted to \$96,040 and \$63,947 for the years ended September 30, 2020 and 2019, respectively. Amounts payable to this organization were \$9,348 and \$10,426 at September 30, 2020 and 2019, respectively.

Note 7 – Management and Administrative Services Agreement

The Association has entered into a management and administrative services agreement with Mental Health America of Middle Tennessee (MHAMT) to provide finance and accounting services. The Association pays MHAMT based on a set monthly rate plus additional costs related to grant reporting. For the years ended September 30, 2020 and 2019, the Association paid \$17,400, each year in fees to MHAMT.

Note 8 – Commitments and Contingencies

The Association is substantially funded by grants from federal agencies. A significant reduction in the level of this support, if such were to occur, may have an effect on the Association's programs and activities. In addition, the grants prescribe allowable expenditure guidelines with which the Association must comply. The grants are received prospectively, subject to subsequent verification of allowable expenditures or provision of qualifying services.

Note 9 – Refundable Advance

As of September 30, 2020, the refundable advance of \$51,661 represents amounts for which funds for reimbursement driven grants were received but the barriers for revenue recognition were not met. The Association is currently in discussion with their grantors to discuss a plan of action in relation to these funds.

Note 10 – Subsequent Events

Management has evaluated subsequent events through January 6, 2021, the date on which the financial statements were available to be issued.