

**MENTAL HEALTH ASSOCIATION  
OF MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS**

**June 30, 2016 and 2015**

# **MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**

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**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE  
ROSTER OF BOARD OF DIRECTORS AND EXECUTIVE STAFF  
As of June 30, 2016**

**Board of Directors**

Mary Harkleroad	Chair
Matthew Self	Vice-Chair
Michele Wisniewski	Secretary
Matt Smith	Treasurer
Kathryn Mathes	Member At Large
Andrea Turner	Member At Large
Charlotte Wood	Member At Large
Chris Agans	Board Member
Rhonda Ashley- Dixon	Board Member
Heather Baroni	Board Member
Renea Bentley	Board Member
Elizabeth Byler	Board Member
Monica Coakley	Board Member
Jim Eisenbeck	Board Member
Jennifer Harris	Board Member
Beth Harwell	Board Member
Jill Howard	Board Member
Katie Koss	Board Member
Jim Laudin	Board Member
John McCauley	Board Member
Patrick McDaniel	Board Member
Elizabeth Michels	Board Member
Brad Minor	Board Member
Sean Moorhead	Board Member
Greg Patterson	Board Member
Mike Platz	Board Member
Paula Sandidge	Board Member
Patricia Storms	Board Member
Thomas Stowell	Board Member
David Tuchman	Board Member
Bama Estes-Wood	Board Member

**Executive Staff**

Tom Starling	Chief Executive Officer
Shawndell Miller	Director of Finance & Administration
Scott Ridgway	TSPN Executive Director



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mental Health Association of Middle Tennessee  
Nashville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Mental Health Association of Middle Tennessee (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Mental Health Association of Middle Tennessee as of June 30, 2016 and 2015, 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.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016, on our consideration of Mental Health Association of Middle Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mental Health Association of Middle Tennessee's internal control over financial reporting and compliance.

*Frasin, Du + Hand, PLLC*

Nashville, Tennessee  
October 27, 2016

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2016 and 2015**

	<b>Assets</b>	
	<b>2016</b>	<b>2015</b>
Current assets:		
Cash and cash equivalents	\$ 937,803	\$ 719,108
Grants receivable (note 2)	133,734	185,666
Unconditional promises to give, net (note 3)	77,082	62,000
Prepaid expenses and other	18,747	20,899
Inventory	13,936	446
Total current assets	1,181,302	988,119
Other, net	3,797	818
Equipment, furniture and improvements	101,235	101,235
Less: accumulated depreciation	(100,035)	(99,385)
Net equipment, furniture and improvements	1,200	1,850
Total assets	<u>\$ 1,186,299</u>	<u>\$ 990,787</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 35,634	\$ 37,583
Accrued expenses	25,445	11,244
Deferred revenue (note 4)	2,600	5,678
Total current liabilities	63,679	54,505
Deferred revenue (note 4)	3,078	2,600
Total liabilities	66,757	57,105
Net assets: (note 5)		
Unrestricted	1,027,668	812,824
Temporarily restricted	91,874	120,858
Total net assets	1,119,542	933,682
Total liabilities and net assets	<u>\$ 1,186,299</u>	<u>\$ 990,787</u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state contracts and grants	\$ 944,240	\$ -	\$ 944,240
Massey Dinner fundraiser	297,677	18,500	316,177
Other grants	251,995	2,500	254,495
Jammin' to Beat the Blues fundraiser	162,106	10,725	172,831
TSPN Awards Symposium	86,529	-	86,529
Fees and other	36,490	-	36,490
Contributions	31,272	-	31,272
In-kind contributions (note 6)	30,901	-	30,901
United Way	10,508	38,000	48,508
Other income	7,486	-	7,486
I. C. Hope revenues (note 4)	6,444	-	6,444
Other special events	3,849	-	3,849
Investment income	722	-	722
Net assets released from restrictions	98,709	(98,709)	-
	<u>1,968,928</u>	<u>(28,984)</u>	<u>1,939,944</u>
Total revenue and other support			
Expenses:			
Program services:			
Educational services	1,000,822	-	1,000,822
Consumer/family issues services	143,017	-	143,017
Aging services	78,079	-	78,079
	<u>1,221,918</u>	<u>-</u>	<u>1,221,918</u>
Total program services			
Support services:			
Fundraising, including in-kind of \$30,901	291,673	-	291,673
Management and general	240,493	-	240,493
	<u>532,166</u>	<u>-</u>	<u>532,166</u>
Total support services			
Total expenses	<u>1,754,084</u>	<u>-</u>	<u>1,754,084</u>
Change in net assets	214,844	(28,984)	185,860
Net assets, beginning of year	<u>812,824</u>	<u>120,858</u>	<u>933,682</u>
Net assets, end of year	<u>\$ 1,027,668</u>	<u>\$ 91,874</u>	<u>\$ 1,119,542</u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state contracts and grants	\$ 600,924	\$ -	\$ 600,924
Jammin' to Beat the Blues fundraiser	186,388	-	186,388
Other grants	137,000	25,000	162,000
Contributions	79,177	-	79,177
TSPN Awards Symposium	63,303	-	63,303
In-kind contributions (note 6)	58,520	-	58,520
Fees and other	53,888	-	53,888
United Way	6,322	37,000	43,322
Brunchin' to Beat the Blues fundraiser	34,448	-	34,448
Massey Dinner fundraiser	-	31,000	31,000
Other special events	12,935	-	12,935
I. C. Hope revenues (note 4)	7,230	-	7,230
Investment income	531	-	531
Net assets released from restrictions	54,283	(54,283)	-
	<u>1,294,949</u>	<u>38,717</u>	<u>1,333,666</u>
Total revenue and other support			
Expenses:			
Program services:			
Educational services	584,315	-	584,315
Consumer/family issues services	127,034	-	127,034
Aging services	80,248	-	80,248
	<u>791,597</u>	<u>-</u>	<u>791,597</u>
Total program services			
Support services:			
Fundraising, including in-kind of \$58,520	228,461	-	228,461
Management and general	157,576	-	157,576
	<u>386,037</u>	<u>-</u>	<u>386,037</u>
Total support services			
Total expenses	<u>1,177,634</u>	<u>-</u>	<u>1,177,634</u>
Change in net assets	117,315	38,717	156,032
Net assets, beginning of year	695,509	82,141	777,650
Net assets, end of year	<u>\$ 812,824</u>	<u>\$ 120,858</u>	<u>\$ 933,682</u>

See accompanying notes.



**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2016

	Program Services				Support Services			
	Consumer/ Family Issues		TOTAL		Management and General		TOTAL	
	Educational Services	Services	Aging Services	PROGRAM SERVICES	Fundraising	Support Services	SUPPORT SERVICES	Total All Services
Salaries	\$ 323,064	\$ 86,091	\$ 41,894	\$ 451,049	\$ 70,389	\$ 112,497	\$ 182,886	\$ 633,935
Travel	288,576	21,199	4,974	314,749	1,545	18,508	20,053	334,802
Printing and publications	207,110	1,077	150	208,337	495	227	722	209,059
Fundraising expense -								
Massey Dinner	-	-	-	-	104,263	-	104,263	104,263
Employee benefits	62,525	5,952	7,110	75,587	12,726	13,678	26,404	101,991
Rent	32,405	6,360	4,168	42,933	8,254	8,684	16,938	59,871
Professional fees	18,807	3,152	14,178	36,137	4,054	15,259	19,313	55,450
Payroll taxes	23,915	6,421	3,068	33,404	5,074	8,154	13,228	46,632
Fundraising expense -								
Jammin' to Beat the Blues	-	-	-	-	45,855	-	45,855	45,855
In-kind expense (note 6)	-	-	-	-	30,901	-	30,901	30,901
Relocation	-	-	-	-	-	30,849	30,849	30,849
Mental Health University	11,956	3,312	-	15,268	-	4,073	4,073	19,341
Equipment rental and maintenance	11,523	978	263	12,764	2,283	4,009	6,292	19,056
Telephone	8,207	1,028	1,266	10,501	777	1,008	1,785	12,286
Advocacy	-	1,785	-	1,785	-	7,499	7,499	9,284
Insurance	4,158	884	496	5,538	715	921	1,636	7,174
Staff appreciation	-	-	-	-	-	5,212	5,212	5,212
Supplies	2,398	315	49	2,762	79	1,887	1,966	4,728
Internet fees	3,664	272	141	4,077	201	299	500	4,577
Meeting	-	3,816	-	3,816	-	-	-	3,816
Bank fees	17	-	-	17	2,149	992	3,141	3,158
Mental Health America Dues	-	-	-	-	-	2,750	2,750	2,750
Postage	897	125	37	1,059	967	612	1,579	2,638
Dues and memberships	-	250	285	535	396	1,092	1,488	2,023
Bad debt	-	-	-	-	-	1,500	1,500	1,500
Cost of educational materials	1,000	-	-	1,000	-	-	-	1,000
Other	-	-	-	-	325	493	818	818
Depreciation	600	-	-	600	-	50	50	650
Licenses and permits	-	-	-	-	225	240	465	465
<b>\$ 1,000,822</b>	<b>\$ 143,017</b>	<b>\$ 78,079</b>	<b>\$ 1,221,918</b>	<b>\$ 291,673</b>	<b>\$ 240,493</b>	<b>\$ 532,166</b>	<b>\$ 1,754,084</b>	

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE  
STATEMENT OF FUNCTIONAL EXPENSES**

**For the year ended June 30, 2015**

	Program Services			Support Services			Total All Services	
	Educational Services	Consumer/ Family Issues Services	Aging Services	TOTAL PROGRAM SERVICES	Fundraising	Management and General		TOTAL SUPPORT SERVICES
Salaries	\$ 280,919	\$ 84,170	\$ 49,701	\$ 414,790	\$ 76,479	\$ 91,010	\$ 167,489	\$ 582,279
Travel	88,626	11,145	9,200	108,971	1,271	9,633	10,904	119,875
Employee benefits	45,759	6,021	8,363	60,143	14,077	11,910	25,987	86,130
In-kind expense (note 6)	-	-	-	-	58,520	-	58,520	58,520
Professional fees	36,100	7,838	1,914	45,852	2,167	9,334	11,501	57,353
Printing and publications	52,763	1,426	62	54,251	1,867	659	2,526	56,777
Fundraising expense - Jammin' to Beat the Blues	-	-	-	-	47,940	-	47,940	47,940
Payroll taxes	21,100	6,233	3,665	30,998	5,431	6,981	12,412	43,410
Rent	21,413	4,893	3,510	29,816	5,232	5,095	10,327	40,143
Equipment rental and maintenance	7,287	1,713	971	9,971	2,142	2,301	4,443	14,414
Mental Health University	12,148	-	-	12,148	-	150	150	12,298
Telephone	6,506	925	1,328	8,759	642	672	1,314	10,073
Advocacy	-	22	-	22	-	6,328	6,328	6,350
Supplies	3,581	248	415	4,244	161	1,819	1,980	6,224
Dues and memberships	220	1,130	250	1,600	305	3,245	3,550	5,150
Internet fees	3,939	279	192	4,410	205	487	692	5,102
Meeting	-	-	77	77	-	4,554	4,554	4,631
Insurance	2,346	678	476	3,500	479	604	1,083	4,583
Fundraising expense - Brunchin' to Beat the Blues	-	-	-	-	4,509	-	4,509	4,509
Miscellaneous	41	11	-	52	2,870	1,474	4,344	4,396
Fundraising expense - Runnin' to Beat the Blues	-	-	-	-	3,341	-	3,341	3,341
Postage	567	302	124	993	823	720	1,543	2,536
Cost of educational materials	1,000	-	-	1,000	-	-	-	1,000
Depreciation	-	-	-	-	-	600	600	600
	\$ 584,315	\$ 127,034	\$ 80,248	\$ 791,597	\$ 228,461	\$ 157,576	\$ 386,037	\$ 1,177,634

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 185,860	\$ 156,032
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	650	600
Changes in operating assets and liabilities:		
Grants receivable	51,932	(11,370)
Other receivables	-	25,800
Unconditional promises to give	(27,789)	(12,717)
Prepaid expenses and other	14,859	(8,756)
Inventory	(13,490)	-
Other assets	(2,979)	-
Accounts payable	(1,949)	17,395
Accrued expenses	14,201	(13,743)
Deferred revenue	(2,600)	(2,600)
Net cash provided by operating activities	<u>218,695</u>	<u>150,641</u>
Change in cash and cash equivalents	218,695	150,641
Cash and cash equivalents, beginning of year	<u>719,108</u>	<u>568,467</u>
Cash and cash equivalents, end of year	<u><u>\$ 937,803</u></u>	<u><u>\$ 719,108</u></u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Mental Health Association of Middle Tennessee (the “Association”) is a nonprofit organization that provides community education about mental health illnesses and advocates for the rights and needs of persons with mental illnesses. The Association is primarily funded by government grants, private grants, and donations.

**Basis of 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. Financial statement presentation follows the recommendations of Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance for not-for-profit entities. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

**Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. The Association has no permanently restricted net assets at June 30, 2016 and 2015.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Allowance for Uncollectible Amounts**

Management believes that amounts receivable from grantor agencies and unconditional promises to give are fully collectible for the years ended June 30, 2016 and 2015. As a result, no allowance for uncollectible amounts has been provided.

**Donated Services**

Volunteers have donated significant amounts of their time to the Association's program services. These amounts have not been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under accounting principles generally accepted in the United States of America has not been satisfied.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include short term investments in money market funds of \$760,596 and \$615,165 at June 30, 2016 and 2015, respectively.

Cash balances are sometimes maintained in excess of Federal Deposit Insurance Corporation insured amounts. The Association has not experienced any losses in such accounts. In management's opinion, risk related to such concentrations is not significant.

**Equipment, Furniture and Improvements**

The Association capitalizes assets over \$1,000 and records them at cost or fair market value at the date of gift. Depreciation of equipment and furniture is provided over the estimated useful lives (ranging from three to five years) on a straight-line basis.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Revenue**

Deferred revenue includes I.C. Hope licensing proceeds received. The Association currently has one I.C. Hope licensing agreement which is for a term of five-years, expiring in fiscal year 2019. Proceeds received from the licensing agreement are being amortized over the five-year period of the agreement (Note 4).

**Income Taxes**

The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Accordingly, no provision for income tax has been made.

The Association follows FASB ASC guidance regarding the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Association has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2013 through June 30, 2016.

**Subsequent Events**

The Association evaluated subsequent events through October 27, 2016 when these financial statements were available to be issued. The Association is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 2 – GRANTS RECEIVABLE**

Funds received from the State of Tennessee Department of Mental Health and Substance Abuse Services are to be used for the general support of the following programs:

Tennessee Suicide Prevention Network ("TSPN"), a statewide program designed to provide resources for the community to identify suicide warning signs.

Tennessee Lives Count ("TLC"), a program designed to educate the public in identifying youth that are considered to be high risk for suicide.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 2 – GRANTS RECEIVABLE (Continued)**

Erasing the Stigma (“ETS”), a program designed to educate the public about mental illness and eliminate the stigma associated with it.

Technology Assisted Recovery, Growth, Empowerment, and Treatment (“TARGET”) Zero Suicide, a program designed to serve as a resource for information about suicide and suicide prevention in order reduce the incidence of suicide and suicide attempts.

Funds received from the Greater Nashville Regional Council are to be used for the general support of the In-Home Education program, which provides education to caregivers and families of persons with Alzheimer’s disease or related dementia. Funds received from the National Institute of Mental Health are to be used for the general support of the Outreach Partnership program, which disseminates information and promotes research study participation in areas related to mental health.

Grants receivable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
State of Tennessee – TSPN	\$ 63,498	\$ 104,803
State of Tennessee – TLC	25,026	30,340
State of Tennessee – ETS	23,381	24,869
State of Tennessee – TARGET	16,129	24,779
National Institute of Mental Health – Outreach Partnership program	5,000	-
Greater Nashville Regional Council – In-Home Education program	<u>700</u>	<u>875</u>
	<u>\$ 133,734</u>	<u>\$ 185,666</u>

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
United Way grants, receivables due in less than one year	\$ 38,000	\$ 37,000
Contributions	<u>39,082</u>	<u>25,000</u>
	<u>\$ 77,082</u>	<u>\$ 62,000</u>

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 4 – DEFERRED REVENUE**

The Association has entered into license agreements with other organizations whereby the I. C. Hope costume, puppet, trademarks and other branded products can be used in exchange for the payment of licensing fees. These license agreements have an initial term of two to five years. Upon completion of the terms and annually on the date of the contracts, the agreements may be extended for one year terms. A portion of the revenue earned under the license agreements is deferred and recognized over the life of the agreement. The remaining proceeds received for the I. C. Hope costume, puppet and educational program related materials are recognized when received. (Additional educational materials may be provided any time throughout the term of the agreement. Proceeds for those materials are also recognized when received.) Licenses and product revenue totaled \$6,444 and \$7,230 for the years ended June 30, 2016 and 2015, respectively. Deferred revenue under these license agreements amounted to \$5,678 and \$8,278 at June 30, 2016 and 2015, respectively.

**NOTE 5 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2016</u>	<u>2015</u>
United Way grants and designations	\$ 38,000	\$ 37,000
Frist Technology Grant	22,149	27,858
Massey Dinner	18,500	31,000
Jammin' to Beat the Blues	10,725	-
Other contributions	2,500	-
Baptist Healing Trust	-	15,000
Relocation Grant	<u>-</u>	<u>10,000</u>
	<u>\$ 91,874</u>	<u>\$ 120,858</u>

**NOTE 6 – IN-KIND CONTRIBUTIONS**

In-kind contributions that are usable for program services, fundraising, support of management and general functions are recorded at their fair values in the period received. In-kind contributions consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Donated performance fees, auction items, and other	<u>\$ 30,901</u>	<u>\$ 58,520</u>



**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**NOTE 7 – OPERATING LEASE COMMITMENTS**

Effective September 30, 2015, the Association entered into a lease agreement for office space. The lease required monthly lease payments beginning November 2015 in the amount of \$4,657, increasing approximately 3% annually through expiration. The lease expires during October 2020. During fiscal year 2016, the Association amended the lease agreement to remove the annual escalation clause. The amended lease agreement requires monthly lease payments of \$4,775 throughout the remainder of the lease and required an additional payment of \$10,854 at the time the lease was amended. The Association also maintains various leases for office equipment.

Rent expense under operating leases for the years ended June 30, 2016 and 2015 was \$59,871 and \$40,143, respectively.

Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2016 are as follows:

<u>Year ended</u> <u>June 30,</u>	
2017	\$ 57,297
2018	57,297
2019	57,297
2020	57,297
2021	28,649
Thereafter	<u>-</u>
	<u>\$ 257,837</u>

**NOTE 8 – EMPLOYEE BENEFIT PLAN**

The Association has a tax deferred annuity plan covering employees who have reached age 21, have been employed for one year, and work at least thirty hours per week. Total contributions made to the plan were \$17,630 and \$15,531 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 9 – CONCENTRATIONS**

The Association receives a substantial amount of its support from government grants and contracts. A significant reduction in the level of this support, if this were to occur, could have a negative effect on the Association's programs and activities. In addition, the funding received by the Association from governmental agencies is subject to audit and retroactive adjustment.

## **SUPPLEMENTAL INFORMATION**

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended June 30, 2016

	CFDA No.	Passthrough Grantor's Number	Balance Receivable June 30, 2015	Cash Receipts	Expenditures	Balance Receivable June 30, 2016
<b>Federal Awards:</b>						
U.S. Dept. of Health & Human Services						
Community Mental Health Program						
<i>Pass-through from Tennessee Department of Mental</i>						
<i>Health and Substance Abuse Services*</i>	93.243	44786	\$ 30,340	\$ 251,823	\$ 221,483	\$ -
<i>Pass-through from Tennessee Department of Mental</i>						
<i>Health and Substance Abuse Services*</i>	93.243	45568	-	73,257	98,283	25,026
Total CFDA 93.243			30,340	325,080	319,766	25,026
Prevention and Treatment of Substance Abuse						
<i>Pass-through from Tennessee Department of Mental</i>						
<i>Health and Substance Abuse Services*</i>	93.959	42198	31,158	31,158	-	-
<i>Pass-through from Tennessee Department of Mental</i>						
<i>Health and Substance Abuse Services*</i>	93.959	46831	-	60,402	90,000	29,598
Total CFDA 93.959			31,158	91,560	90,000	29,598
Special Programs for the Aging, Title III Part B, Grants for						
Supportive Services and Senior Centers						
<i>Pass-through from Greater Nashville Regional Council*</i>	93.044	2014-2015	875	875	-	-
<i>Pass-through from Greater Nashville Regional Council*</i>	93.044	2015-2016	-	1,575	2,275	700
Total CFDA 93.044			875	2,450	2,275	700
Department of Health and Human Services, Cooperative						
Agreements to Implement the National Strategy for						
Suicide Prevention						
<i>Pass-through from Cooperative Agreements to</i>						
<i>Implement the National Strategy for Suicide Prevention*</i>	93.764	45568	24,779	149,504	124,725	-
<i>Pass-through from Cooperative Agreements to</i>						
<i>Implement the National Strategy for Suicide Prevention*</i>	93.764	488001	-	52,846	68,975	16,129
Total CFDA 93.764			24,779	202,350	193,700	16,129
National Institute of Mental Health						
Outreach Partnership Program						
<i>Pass-through from Meharry Medical College*</i>		HRSAHHSN2	-	2,500	7,500	5,000
Total Federal Awards		71201500260P	87,152	623,940	613,241	76,453

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**  
**For the year ended June 30, 2016**

State Awards:		CFDA No.	Passthrough Grantor's Number	Balance Receivable June 30, 2015	Cash Receipts	Expenditures	Balance Receivable June 30, 2016
Tennessee Department of Mental Health and Substance Abuse Services							
<i>Erase the Stigma (ETS)</i>		N/A	42324	\$ 24,869	\$ 24,869	\$ -	\$ -
<i>Erase the Stigma (ETS)</i>		N/A	46840	-	86,618	109,999	23,381
<i>Tennessee Suicide Prevention Network (TSPN)#</i>		N/A	42198	73,645	73,645	-	-
<i>Tennessee Suicide Prevention Network (TSPN)#</i>		N/A	42198	-	187,100	221,000	33,900
				98,514	372,232	330,999	57,281
Total State Awards				98,514	372,232	330,999	57,281
Total Federal and State Awards				\$ 185,666	\$ 996,172	\$ 944,240	\$ 133,734

\* Grant represents pass-through federal funds.

# Represents state's portion of grant.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**NOTE 1 - BASIS OF ACCOUNTING**

The Supplementary Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.

**NOTE 2 - INDIRECT COST ALLOCATION**

Mental Health Association of Middle Tennessee did not elect to use the 10% de minimus indirect cost rate.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

To the Board of Directors of  
Mental Health Association of Middle Tennessee  
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Mental Health Association of Middle Tennessee (the "Association") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frasier, Dean & Howard, PLLC*

**Frasier, Dean & Howard, PLLC**  
**Nashville, Tennessee**  
October 27, 2016

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

There were no prior year findings reported.