

**MENTAL HEALTH ASSOCIATION  
OF MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS**

**June 30, 2008 and 2007**

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Mental Health Association of Middle Tennessee  
Nashville, Tennessee

We have audited the accompanying statements of financial position of Mental Health Association of Middle Tennessee ("the Association") (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health Association of Middle Tennessee as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Mental Health Association of Middle Tennessee taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Frasier, Dean + Howard, PLLC*

December 8, 2008

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2008 and 2007**

Assets		2008	2007
Current assets:			
Cash and cash equivalents	\$	135,069	\$ 99,757
Receivable from grantor agencies, net (note 2)		167,669	241,690
Other receivables, net		5,319	18,635
Unconditional promises to give, net (note 3)		7,624	30,282
Prepaid expenses and other		39,752	36,168
Investments (note 4)		75,480	25,000
Total current assets		<u>430,913</u>	<u>451,532</u>
Other, net		<u>818</u>	<u>493</u>
Equipment, furniture and improvements		389,002	388,417
Less: accumulated depreciation		<u>(357,828)</u>	<u>(324,395)</u>
Net equipment, furniture and improvements		<u>31,174</u>	<u>64,022</u>
Total assets	\$	<u><u>462,905</u></u>	<u><u>\$ 516,047</u></u>
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Accounts payable	\$	45,900	\$ 62,634
Accrued expenses		32,638	37,356
Deferred revenue (note 5)		<u>55,929</u>	<u>19,416</u>
Total current liabilities		<u>134,467</u>	<u>119,406</u>
Deferred revenue (note 5)		<u>7,096</u>	<u>17,487</u>
Total liabilities		<u>141,563</u>	<u>136,893</u>
Net assets: (note 6)			
Designated for future periods		31,959	-
Other unrestricted		<u>281,759</u>	<u>333,872</u>
Unrestricted		313,718	333,872
Temporarily restricted		<u>7,624</u>	<u>45,282</u>
Total net assets		<u>321,342</u>	<u>379,154</u>
Total liabilities and net assets	\$	<u><u>462,905</u></u>	<u><u>\$ 516,047</u></u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state contracts and grants	\$ 1,293,560	\$ -	\$ 1,293,560
Massey fundraising dinner (note 6)	164,728	-	164,728
Contributions	126,165	-	126,165
Other grants	106,289	-	106,289
Jammin' to Beat the Blues fundraiser	97,248	-	97,248
In-kind contributions (note 7)	45,792	-	45,792
Fees and other	15,494	-	15,494
United Way	17,646	7,624	25,270
I. C. Hope revenues (note 5)	20,578	-	20,578
Investment loss	(5,821)	-	(5,821)
Net assets released from restrictions	45,282	(45,282)	-
	<u>1,926,961</u>	<u>(37,658)</u>	<u>1,889,303</u>
Total revenue and other support			
Expenses:			
Program services:			
Advocacy services	593,542	-	593,542
Educational services	694,810	-	694,810
Aging services	35,654	-	35,654
Consumer/family issues services	106,823	-	106,823
	<u>1,430,829</u>	<u>-</u>	<u>1,430,829</u>
Total program services			
Support services:			
Management and general	143,276	-	143,276
Fundraising, including in-kind of \$45,792	373,010	-	373,010
	<u>516,286</u>	<u>-</u>	<u>516,286</u>
Total support services			
Total expenses	<u>1,947,115</u>	<u>-</u>	<u>1,947,115</u>
Change in net assets	(20,154)	(37,658)	(57,812)
Net assets, beginning of year	<u>333,872</u>	<u>45,282</u>	<u>379,154</u>
Net assets, end of year	<u>\$ 313,718</u>	<u>\$ 7,624</u>	<u>\$ 321,342</u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:			
Federal and state contracts and grants	\$ 1,241,848	\$ -	\$ 1,241,848
Jammin' to Beat the Blues fundraiser	177,736	-	177,736
In-kind contributions (note 7)	81,512	-	81,512
Other grants	78,028	-	78,028
Contributions	52,777	-	52,777
United Way	7,820	30,282	38,102
I. C. Hope revenues (note 5)	22,790	-	22,790
Massey fundraising dinner (note 6)	-	15,000	15,000
Fees and other	8,790	-	8,790
Investment income, net (note 4)	8,339	-	8,339
Net assets released from restrictions	65,846	(65,846)	-
	<u>1,745,486</u>	<u>(20,564)</u>	<u>1,724,922</u>
Total revenue and other support			
Expenses:			
Program services:			
Advocacy services	593,122	-	593,122
Educational services	652,060	-	652,060
Aging services	46,861	-	46,861
Consumer/family issues services	101,832	-	101,832
	<u>1,393,875</u>	<u>-</u>	<u>1,393,875</u>
Total program services			
Support services:			
Management and general	141,388	-	141,388
Fundraising, including in-kind of \$81,512	327,783	-	327,783
	<u>469,171</u>	<u>-</u>	<u>469,171</u>
Total support services			
	<u>1,863,046</u>	<u>-</u>	<u>1,863,046</u>
Total expenses			
Change in net assets	(117,560)	(20,564)	(138,124)
Net assets, beginning of year	<u>451,432</u>	<u>65,846</u>	<u>517,278</u>
Net assets, end of year	<u>\$ 333,872</u>	<u>\$ 45,282</u>	<u>\$ 379,154</u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2008**

	Program Services				Support Services			Total All Services	
	Advocacy Services	Educational Services	Aging Services	Consumer/Family Issues Services	TOTAL PROGRAM SERVICES	Management and General	Fundraising		TOTAL SUPPORT SERVICES
Salaries	\$ 357,255	\$ 298,959	\$ 18,697	\$ 63,554	\$ 738,465	\$ 80,560	\$ 85,932	\$ 166,492	\$ 904,957
Fundraising expense - events	-	-	-	-	-	1,592	177,385	178,977	178,977
Employee benefits	74,484	56,867	3,116	12,559	147,026	14,369	16,329	30,698	177,724
Printing and publications	6,034	107,032	1,764	2,071	116,901	424	2,735	3,159	120,060
Travel	10,726	63,441	2,564	1,833	78,564	2,581	178	2,759	81,323
Rent	37,384	20,074	2,023	6,199	65,680	4,771	10,657	15,428	81,108
Payroll taxes	27,275	23,216	1,423	4,730	56,644	6,793	6,440	13,233	69,877
Equipment rental and maintenance	19,704	14,822	1,090	2,856	38,472	3,672	7,766	11,438	49,910
In-kind expense (note 7)	-	-	-	-	-	-	45,792	45,792	45,792
Telephone	19,261	14,293	961	1,810	36,325	3,818	2,836	6,654	42,979
Consulting and contracts	2,349	23,728	133	391	26,601	8,255	677	8,932	35,533
Depreciation and amortization	11,251	20,266	540	492	32,549	343	2,480	2,823	35,372
Professional fees	7,946	10,433	491	1,417	20,287	5,067	5,532	10,599	30,886
Conferences and meetings	2,302	15,644	1,290	5,562	24,798	4,178	1,048	5,226	30,024
Supplies	5,308	5,702	302	1,208	12,520	1,142	1,885	3,027	15,547
Advertising	2,963	5,571	353	457	9,344	504	792	1,296	10,640
Insurance	3,803	3,246	289	638	7,976	748	1,124	1,872	9,848
Support to NMHA	3,810	3,207	233	631	7,881	702	1,095	1,797	9,678
Postage	821	2,314	166	214	3,515	1,639	1,446	3,085	6,600
Dues and memberships	848	1,569	218	201	2,836	529	559	1,088	3,924
Miscellaneous	18	1,198	1	-	1,217	877	322	1,199	2,416
Cost of goods sold	-	2,063	-	-	2,063	-	-	-	2,063
Awards and gifts	-	1,141	-	-	1,141	432	-	432	1,573
Subscriptions	-	24	-	-	24	280	-	280	304
	\$ 593,542	\$ 694,810	\$ 35,654	\$ 106,823	\$1,430,829	\$ 143,276	\$ 373,010	\$ 516,286	\$1,947,115

See accompanying notes.



**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2007**

	Program Services				Support Services				Total All Services
	Advocacy Services	Educational Services	Aging Services	Consumer/Family Issues Services	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	
Salaries	\$ 351,944	\$ 311,728	\$ 28,479	\$ 60,832	\$ 752,983	\$ 69,219	\$ 92,471	\$ 161,690	\$ 914,673
Employee benefits	65,994	42,905	4,548	11,226	124,673	15,141	14,705	29,846	154,519
Fundraising expense - events	-	-	-	-	-	-	94,709	94,709	94,709
Printing and publications	13,830	60,854	1,797	4,516	80,997	390	1,302	1,692	82,689
In-kind expense (note 7)	-	-	-	-	-	-	81,512	81,512	81,512
Rent	37,127	19,970	2,668	6,095	65,860	4,013	9,838	13,851	79,711
Payroll taxes	27,536	25,190	2,279	4,460	59,465	5,405	7,388	12,793	72,258
Travel	13,204	49,463	810	3,368	66,845	2,898	1,093	3,991	70,836
Consulting and contracts	2,584	21,630	161	371	24,746	17,489	574	18,063	42,809
Depreciation and amortization	14,746	23,467	612	1,084	39,909	77	2,803	2,880	42,789
Telephone	19,705	14,678	845	1,748	36,976	2,741	2,405	5,146	42,122
Conferences and meetings	3,393	22,921	899	383	27,596	4,622	1,047	5,669	33,265
Equipment rental and maintenance	13,117	9,066	915	1,853	24,951	2,300	4,953	7,253	32,204
Supplies	6,709	15,806	662	2,046	25,223	1,539	2,678	4,217	29,440
Professional fees	8,831	8,546	401	965	18,743	5,445	3,225	8,670	27,413
Advertising	2,831	13,007	845	502	17,185	762	1,872	2,634	19,819
Support to NMHA	5,732	3,649	307	712	10,400	792	1,111	1,903	12,303
Insurance	4,387	3,096	261	603	8,347	673	938	1,611	9,958
Dues and memberships	339	1,342	132	196	2,009	3,753	528	4,281	6,290
Postage	619	2,043	184	239	3,085	1,118	1,759	2,877	5,962
Miscellaneous	-	-	-	130	130	2,351	520	2,871	3,001
Cost of goods sold	-	1,904	-	-	1,904	-	-	-	1,904
Loss on retirement of fixed assets	-	489	-	488	977	-	-	-	977
Awards and gifts	-	239	49	-	288	326	232	558	846
Copier usage	494	27	7	15	543	17	23	40	583
Subscriptions	-	40	-	-	40	317	97	414	454
	<u>\$ 593,122</u>	<u>\$ 652,060</u>	<u>\$ 46,861</u>	<u>\$ 101,832</u>	<u>\$ 1,393,875</u>	<u>\$ 141,388</u>	<u>\$ 327,783</u>	<u>\$ 469,171</u>	<u>\$ 1,863,046</u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (57,812)	\$ (138,124)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	35,372	42,789
Realized and unrealized loss (gain) on investments	9,125	(1,676)
Noncash contribution	(84,605)	(6,958)
Loss on retirement of fixed assets	-	977
Changes in current assets and liabilities:		
Receivable from grantor agencies	74,021	(25,400)
Other receivables	13,316	(11,015)
Unconditional promises to give	22,658	10,564
Prepaid expenses and other	(3,584)	7,126
Other assets	(325)	4,311
Accounts payable	(16,734)	40,021
Accrued expenses	(4,718)	(1,758)
Deferred revenue	26,122	(21,236)
Net cash provided by (used in) operating activities	<u>12,836</u>	<u>(100,379)</u>
Cash flows from investing activities:		
Purchase of fixed assets	(2,524)	(16,687)
Redemption of investments	25,000	-
Proceeds from sale of investments	-	43,045
Net cash provided by investing activities	<u>22,476</u>	<u>26,358</u>
Change in cash and cash equivalents	35,312	(74,021)
Cash and cash equivalents, beginning of year	<u>99,757</u>	<u>173,778</u>
Cash and cash equivalents, end of year	<u>\$ 135,069</u>	<u>\$ 99,757</u>
Supplemental disclosure of non-cash investing and financing activities:		
Donation of stock	<u>\$ 84,605</u>	<u>\$ 6,958</u>

See accompanying notes.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008 and 2007**

**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, United Way and private 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 the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements for Not-for-Profit Organizations*. 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 statement 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, 2008 or 2007.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2008 and 2007**

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

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Unconditional Promises to Give**

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, 2008 and 2007, respectively. As a result, no allowance for uncollectible amounts has been provided.

**Investments**

The Association has adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Donated Services**

Volunteers have donated significant amounts of their time to the Association's program services. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 has not been satisfied. In-kind donations during the years ended June 30, 2008 and 2007 were \$45,792 and \$81,512, respectively.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2008 and 2007**

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

**Advertising**

Advertising costs are charged to expense as incurred. Advertising expense totaled \$10,640 and \$19,819 for the years ended June 30, 2008 and 2007.

**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 \$48,793 and \$92,882 at June 30, 2008 and 2007, respectively, within the Organization's investment portfolio.

**Furniture and Equipment**

The Association capitalizes assets over \$500 and records them at cost or fair market value at 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.

**Deferred Revenue**

Deferred revenue includes I.C. Hope licensing proceeds received, and State of Tennessee grant prepayments. The I.C. Hope licensing agreements are for five-year periods expiring at various times through 2011. Proceeds received for the licensing agreements are being amortized over the five-year period of the agreements. The State of Tennessee grant prepayments will be recognized as income in the period the services are performed.

**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.

**NOTE 2 – GRANTS RECEIVABLE**

Funds received from the State of Tennessee Department of Finance and Administration are to be used for the general support and management of TennCare Partners Advocacy Line ("TPAL"), which is a telephone network designed to provide information and advocacy regarding mental health issues.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2008 and 2007**

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

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

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

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

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

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.

Grants receivable consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
State of Tennessee – TLC	\$ 58,605	\$ 59,898
State of Tennessee – TPAL	56,846	109,400
State of Tennessee – TSPN	25,428	37,159
State of Tennessee – ETS	23,072	33,608
Greater Nashville Regional Council – In-Home Educational program	2,625	1,625
Tennessee Commission on Aging	<u>1,093</u>	<u>-</u>
	<u>\$ 167,669</u>	<u>\$ 241,690</u>

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following:

	<u>2008</u>	<u>2007</u>
United Way grants and designations, receivables due in less than one year	<u>\$ 7,624</u>	<u>\$ 30,282</u>

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2008 and 2007**

**NOTE 4 – INVESTMENTS**

Investments as of June 30, 2007 consisted of a certificate of deposit. The certificate of deposit held at June 30, 2007 earned interest at 3.85% and matured on November 28, 2007. Investments as of June 30, 2008 consist of equity investments from a bequest.

The following schedule summarizes investment return for the years ended June 30:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 3,304	\$ 6,663
Realized and unrealized gains and losses, net	<u>(9,125)</u>	<u>1,676</u>
	<u>\$ (5,821)</u>	<u>\$ 8,339</u>

**NOTE 5 – LICENSE AGREEMENTS**

The Association has entered into license agreements with other organizations whereby the I. C. Hope costume, puppet, trademarks and other branded product can be used in exchange for the payment of licensing fees. These license agreements have an initial term of five years. Upon completion of the five year 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 \$20,578 and \$22,790 for the years ended June 30, 2008 and 2007, respectively. Deferred revenue under these license agreements amounted to \$17,380 and \$36,903 at June 30, 2008 and 2007, respectively.

**NOTE 6 – RESTRICTIONS ON NET ASSETS**

Board designated net assets are available for the following purposes or periods:

	<u>2008</u>	<u>2007</u>
Fundraising dinner proceeds designated for future periods	\$ <u>31,959</u>	\$ <u>-</u>

During fiscal 2008, the Association held its biennial Massey fundraising dinner. The Association budgets for the net proceeds of the dinner to be utilized over two fiscal years. As a result, half of the net proceeds received from the dinner were designated for fiscal year 2009. The following is a summary of fundraising contributions received and expenses incurred during 2008 for the Massey fundraising dinner.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2008 and 2007**

**NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)**

Contributions	\$ 164,728
Expenses	<u>(100,810)</u>
Net proceeds	<u>\$ 63,918</u>

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

	<u>2008</u>	<u>2007</u>
United Way grants and designations	\$ 7,624	\$ 30,282
Time restricted contributions	<u>-</u>	<u>15,000</u>
	<u>\$ 7,624</u>	<u>\$ 45,282</u>

**NOTE 7 – IN-KIND CONTRIBUTIONS**

In-kind contributions consist of the following:

	<u>2008</u>	<u>2007</u>
Donated auction items and other	\$ 45,792	\$ 75,252
Advertising and marketing contributions	<u>-</u>	<u>6,260</u>
In-kind contributions	<u>\$ 45,792</u>	<u>\$ 81,512</u>

**NOTE 8 – OPERATING LEASE COMMITMENT**

The Association is renting its office space under an operating lease agreement. The Association entered into this lease in November 1999 for a 126-month term. Rent expense for the years ended June 30, 2008 and 2007 was \$81,108 and \$79,711, 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, 2008 are as follows:

Year ended	
<u>June 30</u>	
2009	\$ 94,647
2010	81,990
2011	10,560
2012	9,747
2013	133
Thereafter	<u>-</u>
	<u>\$ 197,077</u>



**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2008 and 2007**

**NOTE 9 – 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 \$40,480 and \$23,536 for the years ended June 30, 2008 and 2007, respectively.

**NOTE 10 – 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.

The Association maintains cash balances which may, at times, exceed federally insured amounts.

**NOTE 11 – CHARITABLE TRUST**

The Association has been named as beneficiary of a trust. Under the terms of the trust agreement, the Association is to receive a charitable contribution annually from the trust for a ten-year period. Each year's contribution will be based on the fair value of the trust as determined annually each December 31. Amounts received and recorded as contribution revenue during the years ended June 30, 2008 and 2007 amounted to \$16,186 and \$15,643, respectively. Contributions from the trust for future periods will be recorded as revenue when received.

## SUPPLEMENTAL INFORMATION

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

**For the year ended June 30, 2008**

	CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2007	Cash Receipts	Expenditures	Balance Receivable June 30, 2008
<b>Federal Awards:</b>						
<b>U.S. Dept. of Health &amp; Human Services</b>						
Community Mental Health Program						
<i>Pass through from Tennessee Department of Mental Health and Developmental Disabilities*</i>	93.958	GR-08	\$ -	\$ 44,743	\$ 44,743	\$ -
<i>Pass through from Tennessee Department of Mental Health and Developmental Disabilities*</i>	93.243	GR-06-17678-02	59,898	59,898	-	-
<i>Pass through from Tennessee Department of Mental Health and Developmental Disabilities**</i>	93.243	GR-06-17678-03	-	279,678	338,283	58,605
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	2007-08	-	9,125	11,750	2,625
<i>Pass through from Greater Nashville Regional Council</i>	93.044	2006-07	1,625	1,625	-	-
Administration on Aging						
<i>Pass through from the Tennessee Commission on Aging and Disability</i>	93.051	GR-08-22363-00	-	8,907	10,000	1,093
Medical Assistance Program * +						
<i>Pass through from the Tennessee Department of Finance and Administration, Bureau of TennCare</i>	93.778	GR-07-18058-00	54,700	54,700	-	-
<i>Pass through from the Tennessee Department of Finance and Administration, Bureau of TennCare</i>	93.778	GR-07-18058-00	-	284,959	313,382	28,423
Total Federal Awards			\$ 116,223	\$ 743,635	\$ 718,158	\$ 90,746

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

For the year ended June 30, 2008

	CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2007	Cash Receipts	Expenditures	Balance Receivable June 30, 2008
<b>State Awards:</b>						
Community Mental Health Program						
<i>Pass through from Tennessee Department of Mental Health and Developmental Disabilities*</i>	N/A	GR-07-18016-01	\$ 43,917	\$ 43,917	\$ -	\$ -
<i>Pass through from Tennessee Department of Mental Health and Developmental Disabilities*</i>	93,958	GR-08	-	109,557	143,002	33,445
Medical Assistance Program						
<i>Pass through from the Tennessee Department of Finance and Administration, Bureau of TennCare #</i>	N/A	GR-07-18058-00	54,700	54,700	-	-
<i>Pass through from the Tennessee Department of Finance and Administration, Bureau of TennCare #</i>	93,778	GR-07-18058-01	-	284,959	313,382	28,423
Tennessee Department of Mental Health and Developmental Disabilities						
Community Mental Health Program #	N/A	GR-07-18016-01	26,850	26,850	-	-
Developmental Disabilities						
Community Mental Health Program #	93,958	GR-08	-	94,101	109,156	15,055
Tennessee Department of Health						
<i>Pass through from Division of Special Populations</i>	N/A	GR-08-23834-00	-	30,000	9,862	(20,138)
Total State Awards			125,467	644,084	575,402	56,785
Total Federal and State Awards			\$ 241,690	\$ 1,387,719	\$ 1,293,560	\$ 147,531

**NOTES TO THE SCHEDULE 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.

# Represents State's portion of grant.

\* Grant represents pass-through federal funds

+ represents major program