

EveryMind, Inc.

**Financial Statements
June 30, 2022 and 2021**

With Independent Auditor's Report Thereon

EveryMind, Inc.

Table of Contents

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 23



Independent Auditor's Report

To the Board of Directors of
EveryMind, Inc.

Opinion

We have audited the accompanying financial statements of EveryMind, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of EveryMind, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EveryMind, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EveryMind, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 EveryMind, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EveryMind, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Saggar & Rosenberg P.C.

Rockville, Maryland
December 15, 2022

EveryMind, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 1,999,997	\$ 1,866,364
Accounts receivable	826,673	655,818
Contributions receivable	147,065	612,254
Prepaid expenses and other assets	<u>71,946</u>	<u>34,941</u>
Total Current Assets	3,045,681	3,169,377
Property and Equipment, Net	<u>264,283</u>	<u>277,886</u>
Other Assets		
Restricted cash and cash equivalents	68,108	58,695
Investments	<u>2,348,187</u>	<u>1,906,513</u>
Total Other Assets	<u>2,416,295</u>	<u>1,965,208</u>
Total Assets	<u>\$ 5,726,259</u>	<u>\$ 5,412,471</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities		
Accounts payable	\$ 51,031	\$ 73,891
Accrued expenses	708,159	560,396
Deferred revenue	-	2,700
Mortgage payable, current portion	<u>9,025</u>	<u>8,612</u>
Total Current Liabilities	768,215	645,599
Long Term Liabilities		
Mortgage payable, net of current portion	<u>260,759</u>	<u>269,784</u>
Total Liabilities	<u>\$ 1,028,974</u>	<u>\$ 915,383</u>
Net Assets		
Without donor restrictions	3,091,196	3,454,925
With donor restrictions	<u>1,606,089</u>	<u>1,042,163</u>
Total Net Assets	<u>4,697,285</u>	<u>4,497,088</u>
Total Liabilities and Net Assets	<u>\$ 5,726,259</u>	<u>\$ 5,412,471</u>

See Accompanying Notes

EveryMind, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contract revenue	\$ 6,898,960	\$ -	\$ 6,898,960
Contributions	957,659	1,653,668	2,611,327
Donated services and in-kind contributions	64,762	-	64,762
Program fees	535,091	-	535,091
Net investment loss	<u>(458,189)</u>	<u>-</u>	<u>(458,189)</u>
Subtotal	7,998,283	1,653,668	9,651,951
Net Assets Released from Restrictions	<u>1,089,742</u>	<u>(1,089,742)</u>	<u>-</u>
Total Support and Revenue	<u>9,088,025</u>	<u>563,926</u>	<u>9,651,951</u>
Expenses			
Program services	7,864,347	-	7,864,347
Management and general	1,388,809	-	1,388,809
Fundraising	<u>198,598</u>	<u>-</u>	<u>198,598</u>
Total Expenses	<u>9,451,754</u>	<u>-</u>	<u>9,451,754</u>
Change in Net Assets	(363,729)	563,926	200,197
Net Assets at Beginning of Year	<u>3,454,925</u>	<u>1,042,163</u>	<u>4,497,088</u>
Net Assets at End of Year	<u>\$ 3,091,196</u>	<u>\$ 1,606,089</u>	<u>\$ 4,697,285</u>

See Accompanying Notes

EveryMind, Inc.
Statement of Activities
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contract revenue	\$ 5,698,588	\$ -	\$ 5,698,588
Contributions	1,056,732	1,123,153	2,179,885
Paycheck Protection Loan Forgiveness	540,155	-	540,155
Donated services and in-kind contributions	81,825	-	81,825
Program fees	474,285	-	474,285
Net investment return and other income	342,708	-	342,708
Gross special events revenue	49,200	-	49,200
Less: cost of direct benefit to donors	<u>(7,048)</u>	<u>-</u>	<u>(7,048)</u>
Subtotal	8,236,445	1,123,153	9,359,598
Net Assets Released from Restrictions	<u>345,465</u>	<u>(345,465)</u>	<u>-</u>
Total Support and Revenue	<u>8,581,910</u>	<u>777,688</u>	<u>9,359,598</u>
Expenses			
Program services	6,484,411	-	6,484,411
Management and general	1,127,443	-	1,127,443
Fundraising	<u>224,269</u>	<u>-</u>	<u>224,269</u>
Total Expenses	<u>7,836,123</u>	<u>-</u>	<u>7,836,123</u>
Change in Net Assets	745,787	777,688	1,523,475
Net Assets at Beginning of Year	<u>2,709,138</u>	<u>264,475</u>	<u>2,973,613</u>
Net Assets at End of Year	<u>\$ 3,454,925</u>	<u>\$ 1,042,163</u>	<u>\$ 4,497,088</u>

See Accompanying Notes

EveryMind, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and related benefits	\$ 6,711,246	\$ 1,067,146	\$ 158,116	\$ 7,936,508
Professional services	536,558	195,883	16,657	749,098
Client allowances	134,568	-	-	134,568
Supplies and equipment	94,685	9,476	3,428	107,589
Communications	82,410	10,041	2,286	94,737
Repairs and maintenance	44,650	26,743	3,767	75,160
Training and development	24,664	32,158	181	57,003
Insurance	47,469	4,011	855	52,335
Recruitment	41,222	350	344	41,916
Occupancy	27,023	11,440	2,620	41,083
Travel	37,022	1,052	16	38,090
Seminars	26,668	2,112	1,569	30,349
Depreciation	15,239	10,173	2,246	27,658
Printing and publications	11,270	6,541	9	17,820
Miscellaneous	12,818	175	4,096	17,089
Interest	7,064	6,409	1,051	14,524
Membership	7,976	3,042	-	11,018
Postage	1,795	2,057	1,357	5,209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>7,864,347</u>	\$ <u>1,388,809</u>	\$ <u>198,598</u>	\$ <u>9,451,754</u>
Percentage of total expenses	<u>83.21%</u>	<u>14.69%</u>	<u>2.10%</u>	<u>100.00%</u>

See Accompanying Notes

EveryMind, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total Expenses</u>
Salaries and related benefits	\$ 5,521,173	\$ 903,720	\$ 133,376	\$ -	\$ 6,558,269
Professional services	395,934	101,378	36,834	-	534,146
Client allowances	136,266	119	-	-	136,385
Supplies and equipment	61,589	16,146	39,033	-	116,768
Communications	90,716	8,144	1,561	-	100,421
Training and recruitment	34,532	37,373	-	-	71,905
Repairs and maintenance	38,842	20,946	2,739	-	62,527
Insurance	41,748	3,402	752	-	45,902
Travel	43,110	152	-	-	43,262
Occupancy	29,306	10,948	2,819	-	43,073
Miscellaneous	35,644	1,802	625	-	38,071
Depreciation	19,274	10,205	2,621	-	32,100
Printing and publications	11,577	6,320	1,056	-	18,953
Seminars	13,963	723	1,268	-	15,954
Interest	7,965	4,217	1,083	-	13,265
Special event expenses	-	-	-	7,048	7,048
Postage	2,772	1,848	502	-	5,122
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>6,484,411</u>	\$ <u>1,127,443</u>	\$ <u>224,269</u>	\$ <u>7,048</u>	\$ <u>7,843,171</u>
Percentage of total expenses	<u>82.68%</u>	<u>14.37%</u>	<u>2.86%</u>	<u>0.09%</u>	<u>100.00%</u>
Less expenses included with support and revenue Statement of Activities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(7,048)</u>	\$ <u>(7,048)</u>
Total Expense on Statement of Activities	\$ <u>6,484,411</u>	\$ <u>1,127,443</u>	\$ <u>224,269</u>	\$ <u>-</u>	\$ <u>7,836,123</u>

See Accompanying Notes

EveryMind, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 200,197	\$ 1,523,475
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,658	32,100
Net realized and unrealized (gains) and losses on investments	606,173	(296,427)
Change in assets and liabilities		
(Increase) / decrease in accounts receivable	(170,855)	67,415
Decrease / (increase) in contributions receivable	465,189	(373,254)
Increase in prepaid expenses and other assets	(37,005)	(7,045)
Decrease in accounts payable	(22,860)	(15,874)
Increase / (decrease) in accrued expenses	147,763	(88,866)
Decrease in refundable advance	-	(540,155)
Decrease in deferred revenue	(2,700)	(9,300)
Net cash provided by operating activities	<u>1,213,560</u>	<u>292,069</u>
Cash flows from investing activities		
Purchase of property and equipment	(14,055)	(4,750)
Proceeds from sales and maturities of investments	2,145,577	281,648
Purchases of investments and reinvestment of interest and dividends	<u>(3,193,424)</u>	<u>(326,745)</u>
Net cash used in investing activities	<u>(1,061,902)</u>	<u>(49,847)</u>
Cash flows from financing activities		
Principal payments on mortgage payable	<u>(8,612)</u>	<u>(8,219)</u>
Net cash used in financing activities	<u>(8,612)</u>	<u>(8,219)</u>
Net increase in cash and cash equivalents	143,046	234,003
Cash and cash equivalents at beginning of year	<u>1,925,059</u>	<u>1,691,056</u>
Cash and cash equivalents at end of year	<u>\$ 2,068,105</u>	<u>\$ 1,925,059</u>

See Accompanying Notes

EveryMind, Inc.
Notes to the Financial Statements

Note 1: Organization

EveryMind, Inc. (“EveryMind” or the “Organization”) strengthens communities and empowers individuals to reach optimal mental wellness by providing services for low-income and underserved populations that address a full spectrum of community needs. A trusted mental health resource in the National Capital Region since 1957, EveryMind provides programs and services that offer hope and healing to children, youth, adults, veterans and families. EveryMind positively impacts our neighbors every day through school-based mental health and social services, life-saving crisis prevention and intervention work, vital service coordination for veterans and community education and advocacy.

The programs and services provided by EveryMind include:

Youth & Family Services

Counseling and Linkages to Learning

Children, youth, and family programs provide services for children and families by offering counseling, case management, positive youth development, therapeutic recreation services, after school programming for children and parents/caregivers, and educational activities. The services are provided at various sites including numerous Montgomery County Public Schools, community-based centers, and in client homes. Therapeutic services provide much needed mental health support for individuals and families without insurance and those insured with Medicaid, many of whom have experienced significant trauma. Services are provided under the guidance of experienced mental health professionals to a variety of populations including parents of children and youth. Volunteers and interns provide additional support in many of the service components. For the years ending June 30, 2022 and 2021, Youth and Family Services had expenses of \$4,466,316 and \$3,536,282, respectively.

Adult & Community Services

Adult Case Management, Crisis Prevention & Intervention, Friendly Visitor, and Representative Payee

These programs assist the community’s most underserved adults by offering a variety of services which address vital needs and promote long-term wellness. Services are provided to low-income individuals unable to manage their federal benefits due to mental illness or disability, homeless or formerly homeless individuals, and homebound and isolated older adults. Many of these services are provided by volunteers and interns who provide friendship and assistance

EveryMind, Inc.
Notes to the Financial Statements

Note 1: Organization (continued)

managing finances. Furthermore, professional staff assess and assist individuals with accessing benefits and housing.

In addition, EveryMind's Crisis Prevention & Intervention Services supports members of our community in need of supportive listening, information and resources, and crisis intervention through phone, text, and chat services. EveryMind answers the Montgomery County Hotline and is one of eight core centers in the State of Maryland answering the National Suicide Prevention Lifeline. Everymind staff and volunteers provided assistance 24/7/365 days per year, including problem-solving and mental health crisis support as needed. For the years ending June 30, 2022 and 2021, Adult and Community Services had program expenses of \$2,099,732 and \$1,941,543, respectively.

Military & Veteran Services

ServingTogether

ServingTogether is EveryMind's commitment to veterans, service members, and their families. Providing a system of care coordination, ServingTogether promotes mental and physical wellness of those in the military and veteran community by bringing together service providers, organizations, and local governments into one network through collaboratives and events, capacity-building partnerships, and educational trainings and workshops. Furthermore, through one on one peer navigation, individuals and families are connected with essential resources to meet their unique needs. For the years ending June 30, 2022 and 2021, ServingTogether had total program expenses of \$735,299 and \$665,878, respectively.

Education & Advocacy Services

Education & Community Outreach, Continuing Education Seminars, Advocacy, Mental Health First Aid (MHFA)

Emphasis is placed on educating the community about the importance of mental health and wellness through seminars, workshops, trainings, and MHFA. EveryMind staff develops educational trainings and modules which focus on children and youth, parents, school staff, service providers, veterans, and the entire community, which increase knowledge on mental health and wellness, provide information and resources, and help reduce the stigma surrounding mental illness. For the years ending June 30, 2022 and 2021, Education and Advocacy Services had total program expenses of \$563,000 and \$340,708, respectively.

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. EveryMind reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash or cash equivalents.

The restricted cash and cash equivalents are held for collateral at a financial institution for a letter of credit, the purpose of which was to qualify EveryMind as a reimbursable employer for unemployment compensation purposes.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows on June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,999,997	\$ 1,866,364
Restricted cash and cash equivalents	68,108	58,695
Total	<u>\$ 2,068,105</u>	<u>\$ 1,925,059</u>

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivables are stated at amounts estimated by management to be the net realizable value. The Organization charges off accounts receivables when it becomes apparent based upon age or customer circumstances that amounts will not be collected. At year end the Organization concluded that amounts are fully collectible, therefore no allowance was recorded.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met. Promises to give are written off when deemed uncollectable. As of June 30, 2022, management believes all contributions receivable to be fully collectible within the next fiscal year.

Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes property and equipment purchases that are valued at \$2,000 or greater and that have an estimated useful life of greater than one year. The cost of maintenance and repairs is recorded as an expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	Five to thirty-one and a half years
Furniture and equipment	Five to seven years
Vehicles	Five years

Investments

Investments are recorded at cost, if purchased, or at fair value on the date of donation, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses. For the years ended June 30, 2022 and 2021, external investment expenses of \$27,639 and \$17,513, respectively, were included in net investment return reported in the statements of activities.

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Purchases and sales of securities are reflected on the trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned.

Revenue and Revenue Recognition

Revenue from program services are recognized when performance obligations of providing services are met. The transaction price is limited to the amount the Organization expects to collect and is subject to the constraint on variable consideration.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference.

The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Revenue is deferred when funds are received but not yet earned.

The Organization recognizes 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.

A portion of the Organization's contract revenue is derived from cost-reimbursable federal, state, and county contracts and grants, which are conditioned upon certain performance obligations and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions, or performance obligations have been fulfilled. Amounts received prior to incurring qualifying expenditures or performance obligations are reported as refundable advances in the statement of financial position.

Contributed Nonfinancial Assets

Contributed materials, equipment, and facilities are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. Donated materials and equipment are recorded as unrestricted support unless there are explicit donor stipulations as to how the donated assets must be used. EveryMind recognizes donated services to the extent the services received create or enhance non-financial assets or require specialized skills that would be purchased if not provided by donation.

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Professional services	Time and effort
Client allowances	Time and effort
Supplies and equipment	Time and effort / Full Time Equivalent
Communications	Time and effort / Full Time Equivalent
Training and development	Time and effort
Repairs and maintenance	Square footage
Insurance	Square footage / Full Time Equivalent
Travel	Time and effort
Occupancy	Square footage
Recruitment	Time and effort
Miscellaneous	Time and effort
Depreciation	Square footage
Printing and publications	Time and effort
Seminars	Time and effort
Interest	Square footage
Postage	Time and effort

Income Taxes

EveryMind Inc. is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Income determined to be unrelated business income is taxable.

Taxable years before June 30, 2021 are subject to federal and other jurisdictions' tax authority examinations. Management is of the opinion that no liability will result from these actions.

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

For the year ended June 30, 2022, the Organization evaluated subsequent events for potential recognition and disclosure through December 15, 2022, the date the financial statements were available to be issued and believe there to be no further potential recognition or disclosure.

Recent Accounting Guidance

In February 2016, the FASB issued guidance codified in ASC 842, *Leases*, which amends the guidance in former ASC 840, *Leases*, requiring the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The effective date for nonpublic entities is annual reporting periods beginning after December 15, 2021 and interim periods therein. As such, the Organization will be required to adopt the standard on July 1, 2022. Early adoption is permitted. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Organization is currently evaluating how ASC 842 will affect its financial statements.

EveryMind, Inc.
Notes to the Financial Statements

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,999,997	\$ 1,866,364
Accounts receivable	826,673	655,818
Contributions receivable	147,065	612,254
Investments	<u>2,348,187</u>	<u>1,906,513</u>
Subtotal	5,321,922	5,040,949
Less amounts not available to be used within 1 year: Board designated	<u>(750,000)</u>	<u>(500,000)</u>
Financial assets available for general expenditures over the next 12 months	<u>\$ 4,571,922</u>	<u>\$ 4,540,949</u>

As part of the EveryMind’s liquidity management plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, while also striving to maximize the investment of its available funds. In addition, the Organization has a \$350,000 line of credit available to meet its cash needs (see Note 7).

The board designated assets are designated for an operating reserve and are not available for general expenditure within the next year (see Note 9). However, the board designated amounts could be made available, if necessary.

Note 4: Investments and Fair Value Measurement

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements and Disclosures*, are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that EveryMind has the ability to access.

EveryMind, Inc.
Notes to the Financial Statements

Note 4: Investments and Fair Value Measurement (continued)

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

EveryMind's investment assets are classified within Level 1 because they comprise open-end mutual funds and exchange traded funds with readily determinable fair values based on daily redemption values.

As required by FASB ASC 820, EveryMind's portfolio investments are classified as follows:

	<u>Investments at Fair Value as of June 30, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 1,616,632	\$ --	\$ --	\$ 1,616,632
Bond mutual funds	693,333	--	--	693,333
Exchange traded funds	<u>38,222</u>	<u>--</u>	<u>--</u>	<u>38,222</u>
Total investments at fair value	<u>\$ 2,348,187</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,348,187</u>

EveryMind, Inc.
Notes to the Financial Statements

Note 4: Investments and Fair Value Measurement (continued)

Investments at Fair Values as of June 30, 2021

	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 1,344,870	\$ --	\$ --	\$ 1,344,870
Bond mutual funds	561,643	--	--	561,643
Total investments at fair value	\$ 1,906,513	\$ --	\$ --	\$ 1,906,513

The carrying amounts of cash and cash equivalents, contracts receivable, contributions receivable, prepaid expenses and other assets, accounts payable, accrued expenses, refundable advances, and mortgage payable approximate fair value due to the short-term nature of the items, and are considered to fall within level one of the fair value hierarchy.

Note 5: Accounts Receivable

Accounts receivable consisted of the following at June 30:

	2022	2021
Billed receivable	\$ 819,565	\$ 648,709
Unbilled receivable	7,108	7,109
Accounts receivable	\$ 826,673	\$ 655,818

Note 6: Property and Equipment

Property and equipment consisted of the following at June 30:

	2022	2021
Land	\$ 76,684	\$ 76,684
Building and improvements	1,055,335	1,041,280
Furniture and equipment	329,408	329,408
Vehicles	30,517	30,517
Property and equipment, at cost	1,491,944	1,477,889
Less: accumulated depreciation	(1,227,661)	(1,200,003)
Property and equipment, net	\$ 264,283	\$ 277,886

Depreciation expense for the fiscal years ended June 30, 2022 and 2021 was \$27,658 and \$32,100, respectively.

EveryMind, Inc.
Notes to the Financial Statements

Note 7: Line of Credit

EveryMind maintains a line of credit through a commercial lender for working capital purposes, with a maximum borrowing of \$350,000. Interest is payable monthly at an interest rate of Wall Street Journal Prime (4.75% at June 30, 2022) plus 1.00% with a floor rate of 5.50%. For the fiscal years ended June 30, 2022 and 2021, the interest rate was 5.75% and 5.50%, respectively. Borrowings under the line of credit are secured by EveryMind's assets. The line of credit is subject to an annual review and is payable upon demand. As of June 30, 2022 and 2021, there were no borrowings against the line.

Subsequent to year end, the line was amended to increase the maximum borrowing to \$900,000.

Note 8: Mortgage Payable

EveryMind entered into a \$350,000 mortgage payable during June 2006. Under the mortgage, the interest rate is 4.625% until June 2021. After June 2021, the interest rate will adjust to 2.75 percentage points plus the 5 Year Interest Rate Swap as defined in the agreement with a floor of 4.625%. The interest rate was 4.625% for the fiscal year ended June 30, 2022. The mortgage matures in June 2026 with a balloon payment for the remaining principal balance. The mortgage is secured by real property that has a combined book value of \$234,022 at June 30, 2022. The property was appraised for \$2,100,000 in June 2006.

Future maturities of mortgages are as follows:

Year ending June 30,	
2023	\$ 9,025
2024	9,425
2025	9,909
2026	<u>241,425</u>
	\$ <u>269,784</u>

Mortgage interest expense for the fiscal years ended June 30, 2022 and 2021 was \$12,902 and \$13,265, respectively.

Note 9: Net Assets

Net assets without donor restrictions - Board Designated

As of June 30, 2022 and 2021, the Board of Directors designated a portion of investment balances held at a financial institution to be used as a reserve for future operating payments. These amounts are included in the statement of financial position as part of investments in the amount of \$750,000 and \$500,000, respectively.

EveryMind, Inc.
Notes to the Financial Statements

Note 9: Net Assets (continued)

Net assets with donor restrictions

Net assets with donor restrictions at June 30, 2022 consist of:

Purpose Restricted:

Serving Together Program	\$	5,478
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Designated for Future Periods:

Serving Together Program		169,117
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Hotline		1,431,494
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Net assets with donor restrictions	\$	<u>1,606,089</u>
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Net assets with donor restrictions at June 30, 2021 consist of:

Purpose Restricted:

Serving Together Program	\$	16,185
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Crisis Prevention & Intervention Services		7,500
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Designated for Future Periods:

Serving Together Program		556,290
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HIF/Germantown		43,542
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United Way/LTL		18,646
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General Support		<u>400,000</u>
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Net assets with donor restrictions	\$	<u>1,042,163</u>
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Note 10: Paycheck Protection Loan Forgiveness and Refundable Advance

On May 8, 2020, EveryMind was granted a \$984,976 loan under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period”(eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The loan is uncollateralized and is fully guaranteed by the Federal government.

EveryMind, Inc.
Notes to the Financial Statements

Note 10: Paycheck Protection Loan Forgiveness and Refundable Advance (continued)

EveryMind initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed.

EveryMind recognized \$0 and \$540,155 as grant revenue for the years ended June 30, 2022 and 2021, respectively. EveryMind applied for forgiveness of the entire loan during fiscal year 2021 with full forgiveness received in August 2021.

Note 11: Contributed Nonfinancial Assets

EveryMind received the following contributions of nonfinancial assets for the year ended June 30:

	2022	2021
Professional services	\$ 53,908	\$ 66,397
Client needs	9,643	14,218
Occupancy	1,210	1,210
Total contributed nonfinancial assets	\$ 64,761	\$ 81,825

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives professional services related to website support that are reported using current rates for similar services provided by the contributor of such services. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

The Organization also receives other goods such as gift cards and consumables that were passed to the community to address different needs. Consumable goods are valued at the wholesale prices provided by the donor.

For the past few years, the Organization used office space for which rental payments were waived. The landlord provided to the Organization with a letter in which the normal rental rate is included. The amount of contributed rent is reported as contributions and rent expense on the accompanying statement of activities.

EveryMind, Inc.
Notes to the Financial Statements

Note 11: Contributed Nonfinancial Assets (continued)

For fiscal year 2022, \$10,000 of professional services were used for management and general support, all other donated services and assets were utilized by the Organization's programs. There were no donor-imposed restrictions associated with the donated services and assets. For fiscal year 2021, all donated services and assets were utilized by the Organization's programs. There were no donor-imposed restrictions associated with the donated services and assets.

Note 12: Leases

EveryMind rents equipment and office space under non-cancelable operating leases. Minimum future rental payments under non-cancelable leases are as follows:

Year ending June 30,	
2023	\$ 17,919
2024	21,153
2025	15,378
2026	<u>5,126</u>
Total	\$ <u>59,576</u>

Total rent expense including donated rent for the year ended June 30, 2022 and 2021 was \$17,354 and \$17,139, respectively. Subsequent to year end, EveryMind entered into a new lease agreement from November 1, 2022 through October 31, 2025 with base rent of \$15,000 per year to increase by 2.5% on each anniversary of the commencement date. As such, this lease was included in the calculation of future minimum lease payments.

Note 13: Defined Contribution Plan

EveryMind sponsors a defined contribution plan covering substantially all of its employees. Under the plan, EveryMind makes an employer matching contribution and may make a discretionary contribution of a participating employee's salary. For the fiscal years ended June 30, 2022 and 2021, EveryMind contributed \$156,050 and \$137,134 to the plan, respectively.

Note 14: Contingent Liabilities

EveryMind receives a substantial portion of its revenue from government grants and fees, certain of which are subject to audit by various government agencies. Until all audits through June 30, 2022, have been completed and final settlements have been reached, there exists a contingent liability to refund any amount received in excess of allowable costs. Management of EveryMind is of the opinion that no significant liability, if any, will result from these audits.

EveryMind, Inc.
Notes to the Financial Statements

Note 14: Contingent Liabilities (continued)

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which could impact the Organization's operations. The extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted. Management is evaluating the potential implications of COVID-19 on its financial statements and believe there to be no further potential recognition or disclosure.

Note 15: Concentrations

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each institution. At June 30, 2022 and 2021, EveryMind exceeded the insured limit by \$304,255 and \$1,433,163 in its balances with its banking institutions, respectively.

For the years ended June 30, 2022 and 2021, EveryMind received 68% and 59% of its total support and revenue from the Montgomery County government, respectively. Receivables from the Montgomery County Government accounted for 87% and 77% of billed accounts receivable at June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, EveryMind had a total of 16 contracts from the Montgomery County government.

Note 16: Non-Cash Transactions

Supplemental disclosure of cash flow information

Interest paid during fiscal years 2022 and 2021 was \$14,524 and \$13,265, respectively.