

**EveryMind, Inc.**

**Financial Statements  
June 30, 2020**

**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:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 20



## Independent Auditor's Report

To the Board of Directors of  
EveryMind, Inc.

We have audited the accompanying financial statements of EveryMind, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 EveryMind, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Saggar + Rosentz .PC*

Rockville, Maryland  
November 20, 2020

**EveryMind, Inc.**  
**Statement of Financial Position**  
**June 30, 2020**

Assets

Current Assets	
Cash and cash equivalents	\$ 1,641,517
Accounts receivable	723,233
Contributions receivable	239,000
Prepaid expenses and other assets	27,897
Total Current Assets	2,631,647
Property and Equipment, Net	305,235
Other Assets	
Restricted cash and cash equivalents	49,539
Investments	1,564,989
Total Other Assets	1,614,528
Total Assets	\$ 4,551,410

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 89,765
Accrued expenses	649,262
Refundable advance	540,155
Deferred revenue	12,000
Mortgage payable, current portion	8,219
Total Current Liabilities	1,299,401
Mortgage Payable, Net of Current Portion	278,396
Total Liabilities	1,577,797
Net Assets	
Without donor restrictions	2,709,138
With donor restrictions	264,475
Total Net Assets	2,973,613
Total Liabilities and Net Assets	\$ 4,551,410

See Accompanying Notes

**EveryMind, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contract revenue	\$ 5,255,736	\$ -	\$ 5,255,736
Contributions	800,109	303,000	1,103,109
Paycheck Protection Loan Forgiveness	444,821	-	444,821
Donated services and in-kind contributions	425,039	-	425,039
Program fees	532,907	-	532,907
Net investment return and other income	38,789	-	38,789
Gross special events revenue	54,260	-	54,260
Less: cost of direct benefit to donors	(11,200)	-	(11,200)
Subtotal	7,540,461	303,000	7,843,461
Net Assets Released from Restrictions	361,901	(361,901)	-
Total Support and Revenue	7,902,362	(58,901)	7,843,461
Expenses			
Program services	6,121,314	-	6,121,314
Management and general	1,101,731	-	1,101,731
Fundraising	121,382	-	121,382
Total Expenses	7,344,427	-	7,344,427
Change in Net Assets	557,935	(58,901)	499,034
Net Assets at Beginning of Year	2,151,203	323,376	2,474,579
Net Assets at End of Year	\$ 2,709,138	\$ 264,475	\$ 2,973,613

See Accompanying Notes

**EveryMind, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
Salaries and related benefits	\$ 5,055,180	\$ 881,313	\$ 74,854	\$ -	\$ 6,011,347
Professional services	570,980	115,297	30,409	-	716,686
Client allowances	99,591	-	-	-	99,591
Supplies and equipment	86,483	4,688	458	-	91,629
Communications	55,718	9,135	1,379	-	66,232
Travel	49,649	2,736	3	-	52,388
Repairs and maintenance	34,394	14,769	2,220	-	51,383
Training and recruitment	28,118	19,939	3,551	-	51,608
Occupancy	30,536	12,542	2,614	-	45,692
Insurance	38,102	3,988	1,233	-	43,323
Depreciation	20,195	9,253	2,187	-	31,635
Miscellaneous	8,540	15,821	429	-	24,790
Seminars	19,434	2,016	75	-	21,525
Printing and publications	13,534	4,497	266	-	18,297
Interest	7,648	4,857	945	-	13,450
Special event expenses	-	-	-	11,200	11,200
Postage	3,212	880	759	-	4,851
<b>Total expenses</b>	<b>\$ 6,121,314</b>	<b>\$ 1,101,731</b>	<b>\$ 121,382</b>	<b>\$ 11,200</b>	<b>\$ 7,355,627</b>
Percentage of total expenses	<u>83.22%</u>	<u>14.98%</u>	<u>1.65%</u>	<u>0.15%</u>	<u>100.00%</u>
Less expenses included with support and revenue Statement of Activities	\$ -	\$ -	\$ -	\$ (11,200)	\$ (11,200)
<b>Total Expense on Statement of Activities</b>	<b>\$ 6,121,314</b>	<b>\$ 1,101,731</b>	<b>\$ 121,382</b>	<b>\$ -</b>	<b>\$ 7,344,427</b>

See Accompanying Notes

**EveryMind, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

Cash Flows From Operating Activities	
Change in net assets	\$ 499,034
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	31,635
Bad debt	10,000
Net realized and unrealized loss on investments	29,080
Change in assets and liabilities	
Decrease in accounts receivable	222,417
Increase in contributions receivable	(37,728)
Decrease in prepaid expenses and other assets	2,799
Increase in accounts payable	72,364
Increase in accrued expenses	190,429
Increase in refundable advance	509,040
Increase in deferred revenue	12,000
Net Cash Provided by Operating Activities	<u>1,541,070</u>
Cash Flows From Investing Activities	
Purchase of property and equipment	(150,064)
Proceeds from sales and maturities of investments	500,104
Purchases of investments and reinvestment of interest and dividends	<u>(515,232)</u>
Net Cash Used In Investing Activities	<u>(165,192)</u>
Cash Flows From Financing Activities	
Principal payments on mortgage payable	<u>(8,422)</u>
Net Cash Used In Financing Activities	<u>(8,422)</u>
Net Increase in Cash	1,367,456
Cash and Cash Equivalents at Beginning of Year	<u>323,600</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,691,056</u></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 vulnerable 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

*Case Management, Counseling, and Linkages to Learning*

Children, youth, and family programs provide services for children and families by offering counseling, case management, positive youth development, 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 year ending June 30, 2020, Youth and Family Services had expenses of \$3,768,903.

Adult & Community Services

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

These programs assist the community’s most vulnerable 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, homebound and isolated older adults, and members of our community in need of supportive listening, information and resources, and crisis intervention through phone, text and chat services. Many of these services are provided by volunteers and interns who provide friendship and assistance managing finances. In addition, professional staff assess and assist individuals with accessing benefits and housing.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 1: Organization (continued)

EveryMind professional staff works in cooperation with volunteers and interns to provide residents of Montgomery County and throughout the National Capital Region with supportive listening, information and resources, and crisis intervention via phone, text, and chat services. Staff and volunteers provide assistance twenty-four hours per day, seven days per week, including problem-solving and mental health crisis support as needed. For the year ending June 30, 2020, Adult and Community Services had program expenses of \$1,449,688.

*Military & Veteran Services*

*Serving Together*

Serving Together 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 year ending June 30, 2020, Serving Together had total program expenses of \$681,776.

*Education & Advocacy Services*

*Education & Community Outreach, Continuing Education seminars, Government Affairs, 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 year ending June 30, 2020, Education and Advocacy Services had total program expenses of \$220,947.

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:

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 2: Summary of Significant Accounting Policies (continued)

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 at June 30, 2020.

Cash and cash equivalents	\$ 1,641,517
Restricted cash and cash equivalents	<u>49,539</u>
Total	<u>\$ 1,691,056</u>

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. Bad debt expense for the year ending of June 30, 2020 was \$10,000.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 2: Summary of Significant Accounting Policies (continued)

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, 2020, 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 year ended June 30, 2020, external investment expenses of \$15,825 were included in net investment return reported in the statements of activities.

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.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 2: Summary of Significant Accounting Policies (continued)

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 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.

Donated services and in-kind contributions

Donated 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.

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.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 2: Summary of Significant Accounting Policies (continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
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
Travel	Time and effort
Training and recruitment	Time and effort
Repairs and maintenance	Square footage
Occupancy	Square footage
Insurance	Full Time Equivalent
Depreciation	Square footage
Printing and publications	Time and effort
Miscellaneous	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, 2020 are subject to federal and other jurisdictions' tax authority examinations. Management is of the opinion that no liability will result from these actions.

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, 2020, the Organization evaluated subsequent events for potential recognition and disclosure through November 20, 2020, the date the financial statements were available to be issued and believe there to be no further potential recognition or disclosure.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 2: Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASU’s replaced most existing revenue recognition is U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. EveryMind adopted the new standard effective July 1, 2019, the first day of the Organization’s fiscal year, using the full retrospective method. The adjustment was applied to all contracts that are not complete as of the date of initial application. The Organization does not believe the application of the provisions has a material effect on the amounts presented or disclosed. On July 1, 2019, the date the standard was adopted, the beginning balance of the EveryMind’s exchange receivables included in accounts receivable were \$85,511.

Effective July 1, 2019, EveryMind adopted ASU No. 2018-08, *Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the year ended June 30, 2020, did not result in a change to the accounting for EveryMind’s revenue. Management believes the standard improves the usefulness and understandability of EveryMind’s financial reporting.

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, 2020:

Cash and cash equivalents	\$ 1,641,517
Contracts receivable	723,233
Contributions receivable	239,000
Investments	<u>1,564,989</u>
Subtotal	4,168,739
Less amounts not available to be used within one year:	
Board designated	<u>350,000</u>
Financial assets available for general expenditures over the next twelve months	<u>\$ 3,818,739</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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by EveryMind are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by EveryMind are deemed to be actively traded.

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

	<u>Investments at Fair Value as of June 30, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 969,899	\$ --	\$ --	\$ 969,899
Bond mutual funds	<u>595,090</u>	<u>--</u>	<u>--</u>	<u>595,090</u>
Total investments at fair value	<u>\$ 1,564,989</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,564,989</u>

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.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 5: Accounts Receivable

Accounts receivable as of June 30, 2020 consisted of the following:

Billed receivable	\$	589,696
Unbilled receivable		133,037
Other receivable		500
		<hr/>
Accounts receivable	\$	<u><u>\$723,233</u></u>

As of June 30, 2020, the exchange receivables included in accounts receivable were \$165,837.

Note 6: Property and Equipment

Property and equipment consisted of the following at June 30, 2020:

Land	\$	76,684
Building and improvements		1,041,280
Furniture and equipment		324,657
Vehicles		30,517
		<hr/>
Property and equipment, at cost		1,473,138
Less: accumulated depreciation		<u>(1,167,903)</u>
Property and equipment, net	\$	<u><u>305,235</u></u>

Depreciation expense for the fiscal year ended June 30, 2020 was \$31,635.

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 (3.25% at June 30, 2020) plus 1.00% with a floor rate of 5.50%. 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, 2020, there were no borrowings against the line.

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%.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 8: Mortgage Payable (continued)

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 approximately \$246,923 at June 30, 2020. The property was appraised for \$2,100,000 in June 2006.

Future maturities of mortgages are as follows:

Year ending June 30,	
2021	\$ 8,219
2022	8,612
2023	9,025
2024	9,424
2025	9,909
Thereafter	<u>241,426</u>
	<u>\$ 286,615</u>

Mortgage interest expense for the fiscal year ended June 30, 2020 was \$13,450.

Note 9: Net Assets

Net assets without donor restrictions - Board Designated

As of June 30, 2020, 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 \$350,000.

Net assets with donor restrictions

Net assets with donor restrictions at June 30, 2020 consist of:

*Purpose Restricted:*

Serving Together Program	\$ 50,000
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*Designated for Future Periods:*

Serving Together Program	35,000
Expanding Access to Mental Health	24,475
General Support	150,000
Crisis Prevention & Intervention Services	<u>5,000</u>
Net assets with donor restrictions	<u>\$ 264,475</u>

**EveryMind, Inc.**  
**Notes to the Financial Statements**

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 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 \$444,821 as grant revenue for the year ended June 30, 2020. Subsequent to year end, the Organization intends to use \$451,278 of the loan for purposes consistent with the PPP loan. EveryMind intends to apply for forgiveness within 10 months of the end of the covered period for \$896,099 of the loan. To the extent that EveryMind is not granted forgiveness, the Organization is required to repay the remaining loan. Beginning in August 2021, the Organization will start making payments on the remaining balance of \$88,877 plus interest accrued at 1% per annum.

Note 11: Donated Services and In-Kind Contributions

EveryMind received donated professional services, facilities, and materials as follows during the year ended June 30, 2020:

Professional Services	\$ 401,046
Client needs	22,783
Occupancy	<u>1,210</u>
Total donated services and in-kind contributions	<u>\$ 425,039</u>

Of the total donated services and in-kind contributions, the Organization used \$372,145 for program services and \$52,894 for management and general.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

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,	
2021	\$ 9,293
2022	8,734
2023	7,667
2024	<u>5,775</u>
Total	\$ <u>31,469</u>

Total rent expense including donated rent for the year ended June 30, 2020 was \$17,090.

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. EveryMind contributed \$149,313 to the plan during the fiscal year ending June 30, 2020.

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, 2020 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.

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, 2020, EveryMind exceeded the insured limit by \$453,634 and 734,976 in each of its two financial institutions.

**EveryMind, Inc.**  
**Notes to the Financial Statements**

Note 15: Concentrations (continued)

For the year ended June 30, 2020, EveryMind received 62% of its total support and revenue from the Montgomery County government. Receivables from the Montgomery County Government accounted for 84% of billed accounts receivable at June 30, 2020. EveryMind had a total of 14 contracts from the Montgomery County government in fiscal year 2020.

Note 16: Non-Cash Transactions

Supplemental disclosure of cash flow information

Interest paid during fiscal year 2020 was \$13,450.