

EveryMind, Inc.

**Financial Statements
June 30, 2023 and 2022**

With Independent Auditor's Report Thereon

EveryMind, Inc.

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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, 2023 and 2022, 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 present fairly, in all material respects, the financial position of EveryMind, Inc. as of June 30, 2023 and 2022, 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

For the year ending June 30, 2023, we conducted our audit 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. For the year ending June 30, 2022, 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 opinions.

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 and Government 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 and Government 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 12, 2023

EveryMind, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 904,249	\$ 1,999,997
Accounts receivable	1,814,396	826,673
Contributions receivable	983,308	147,065
Prepaid expenses and other assets	74,431	71,946
Total Current Assets	3,776,384	3,045,681
Property and Equipment, Net	355,021	264,283
Operating lease right-of-use asset	48,207	-
Other Assets		
Restricted cash and cash equivalents	81,500	68,108
Investments	2,828,543	2,348,187
Total Other Assets	2,910,043	2,416,295
Total Assets	\$ 7,089,655	\$ 5,726,259
	<u>Liabilities and Net Assets</u>	
Current Liabilities		
Accounts payable	\$ 306,285	\$ 51,031
Accrued expenses	897,122	708,159
Mortgage payable, current portion	9,425	9,025
Operating lease liabilities, current portion	21,843	-
Financing lease liability, current portion	4,928	-
Total Current Liabilities:	1,239,603	768,215
Long Term Liabilities		
Mortgage payable, net of current portion	251,334	260,759
Operating lease liabilities, net of current portion	27,865	-
Financing lease liability, net of current portion	19,305	-
Total Long-Term Liabilities	298,504	260,759
Total Liabilities	1,538,107	1,028,974
Net Assets		
Without donor restrictions	3,992,164	3,091,196
With donor restrictions	1,559,384	1,606,089
Total Net Assets	5,551,548	4,697,285
Total Liabilities and Net Asset:	\$ 7,089,655	\$ 5,726,259

See Accompanying Notes

EveryMind, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contract revenue	\$ 11,497,160	\$ -	\$ 11,497,160
Grants and contributions	1,430,120	955,000	2,385,120
Donated services and in-kind contribution	56,980	-	56,980
Program fees	640,792	-	640,792
Net investment return	263,990	-	263,990
Subtotal	13,889,042	955,000	14,844,042
Net Assets Released from Restriction:	1,001,705	(1,001,705)	-
Total Support and Revenue	14,890,747	(46,705)	14,844,042
Expenses			
Program services	(11,744,316)	-	(11,744,316)
Management and general	(2,161,093)	-	(2,161,093)
Fundraising	(84,370)	-	(84,370)
Total Expenses	(13,989,779)	-	(13,989,779)
Change in Net Assets	900,968	(46,705)	854,263
Net Assets at Beginning of Year	3,091,196	1,606,089	4,697,285
Net Assets at End of Year	\$ 3,992,164	\$ 1,559,384	\$ 5,551,548

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
Grants and contributions	957,659	1,653,668	2,611,327
Donated services and in-kind contribution:	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 Functional Expenses
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and related benefits	\$ 9,591,124	\$ 1,467,852	\$ 77,952	\$ 11,136,928
Professional services	791,883	461,192	1,063	1,254,138
Client allowances	145,382	-	-	145,382
Supplies and equipment	499,895	9,712	47	509,654
Communications	218,440	25,138	88	243,666
Repairs and maintenance	63,336	20,611	77	84,024
Training and development	53,934	52,976	32	106,942
Insurance	51,686	6,455	36	58,177
Recruitment	121,619	14,030	41	135,690
Occupancy	40,601	14,631	54	55,286
Travel	67,241	2,995	25	70,261
Seminars	20,492	9,286	138	29,916
Depreciation	15,926	16,051	48	32,025
Printing and publications	20,008	13,563	152	33,723
Miscellaneous	23,876	18,909	4,498	47,283
Interest	7,860	16,775	22	24,657
Membership	9,555	5,353	-	14,908
Postage	1,458	5,564	97	7,119
Total expenses	<u>\$ 11,744,316</u>	<u>\$ 2,161,093</u>	<u>\$ 84,370</u>	<u>\$ 13,989,779</u>
Percentage of total expenses	<u>83.95%</u>	<u>15.45%</u>	<u>0.60%</u>	<u>100.00%</u>

See Accompanying Notes

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

	Program Services	Management and General	Fundraising	Total Expenses
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
Training and recruitment	24,664	32,158	181	57,003
Repairs and maintenance	44,650	26,743	3,767	75,160
Insurance	47,469	4,011	855	52,335
Recruitment	41,222	350	344	41,916
Travel	37,022	1,052	16	38,090
Occupancy	27,023	11,440	2,620	41,083
Miscellaneous	12,818	175	4,096	17,089
Depreciation	15,239	10,173	2,246	27,658
Printing and publications	11,270	6,541	9	17,820
Seminars	26,668	2,112	1,569	30,349
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
	<hr/>	<hr/>	<hr/>	<hr/>
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.
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 854,263	\$ 200,197
Adjustments to reconcile change in net assets to net cash (used in) / provided by operating activities:		
Depreciation	32,024	27,658
Net realized and unrealized (gains) and losses on investments	(138,691)	606,173
Reduction in the carrying amount of right-of-use assets – operating leases	16,784	-
Change in assets and liabilities		
Increase in accounts receivable	(987,723)	(170,855)
(Increase) / decrease in contributions receivable	(836,243)	465,189
Increase in prepaid expenses and other assets	(2,485)	(37,005)
Increase / (decrease) in accounts payable	255,254	(22,860)
Increase in accrued expenses	188,963	147,763
Decrease in deferred revenue	-	(2,700)
Decrease in operating lease liabilities	(15,283)	-
Net cash (used in) / provided by operating activities	<u>(633,137)</u>	<u>1,213,560</u>
Cash flows from investing activities		
Purchase of property and equipment	(96,531)	(14,055)
Proceeds from sales and maturities of investments	1,950,341	2,145,577
Purchases of investments and reinvestment of interest and dividends	(2,292,006)	(3,193,424)
Net cash used in investing activities	<u>(438,196)</u>	<u>(1,061,902)</u>
Cash flows from financing activities		
Principal payments on financing lease liability	(1,998)	-
Principal payments on mortgage payable	(9,025)	(8,612)
Net cash used in financing activities	<u>(11,023)</u>	<u>(8,612)</u>
Net (decrease) / increase in cash and cash equivalents and restricted cash and cash equivalents	(1,082,356)	143,046
Cash and cash equivalents and restricted cash and cash equivalents at beginning of year	<u>2,068,105</u>	<u>1,925,059</u>
Cash and cash equivalents and restricted cash and cash equivalents at end of year	<u>\$ 985,749</u>	<u>\$ 2,068,105</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 military families, 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 children, youth, 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/caregivers of children and youth. Volunteers and interns provide additional support in many of the service components. For the years ending June 30, 2023 and 2022, Youth and Family Services had expenses of \$5,509,238 and \$4,466,316, respectively.

Adult & Community Services

Adult Case Management, Hotline, Friendly Visitor, Representative Payee, and SOAR

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

EveryMind, Inc.
Notes to the Financial Statements

Note 1: Organization (continued)

In addition, EveryMind's Hotline 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 nine core centers in the State of Maryland answering the 988 Suicide & Crisis Lifeline. EveryMind staff and volunteers provide assistance 24/7/365 days per year, including problem-solving and mental health crisis support as needed. For the years ending June 30, 2023 and 2022, Adult and Community Services had program expenses of \$4,839,489 and \$2,099,732, 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 and suicide prevention services, individuals and families are connected with essential resources to meet their unique needs. For the years ending June 30, 2023 and 2022, ServingTogether had total program expenses of \$839,500 and \$735,299, respectively.

Education & Advocacy Services

Education & Community Outreach, 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 evidence-based modules such as MHFA. EveryMind staff develop educational trainings and modules which focus on children and youth, parents, school staff, service providers, veterans, faith-based organizations, and other members of the 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, 2023 and 2022, Education and Advocacy Services had total program expenses of \$556,089 and \$563,000, respectively.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

EveryMind maintains its records on the accrual basis of accounting.

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

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 and Cash Equivalents

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 and cash equivalents reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows on June 30, 2023 and 2022.

	2023	2022
Cash and cash equivalents	\$ 904,249	\$ 1,999,997
Restricted cash and cash equivalents	81,500	68,108
Total	<u>\$ 985,749</u>	<u>\$ 2,068,105</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 for the years ended 2023 and 2022.

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, 2023 and 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 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, 2023 and 2022, external investment expenses of \$32,024 and \$27,639, respectively, were included in net investment return / (loss) 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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating leases right-of-use (“ROU”) assets, and operating lease liabilities – current portion and operating lease liabilities – net of current portion on the statements of financial position. ROU assets represent the Organization’s right to use an underlying asset for the lease term and operating lease liabilities represent EveryMind’s obligation to make lease payments arising from the lease. Finance lease ROU assets are included in property and equipment, net, and the related liabilities are included in financing lease liability – current portion and financing lease liability net of current portion in the statements of financial position. At commencement date, lease liabilities are based on the present value of lease payments over the lease term. The Organization includes the impact of options to extend or terminate the lease in their calculation of the lease term when it is reasonably certain that the Organization will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term within occupancy expense on the statement of functional expenses.

The Organization has made the accounting policy election permitted under Accounting Standards Classification (“ASC”) 842, *Leases*, to exclude short-term leases (leases which have a lease term of 12-months or less at the commencement date of the lease and which do not include an option to purchase the underlying asset or option to extend the lease that the Organization is reasonably certain to exercise) from the recognition requirements of ASC 842, *Leases*.

The Organization has made the accounting policy election permitted under ASC 842, *Leases*, to use the risk-free discount for a period comparable with that of the lease term when determining the initial amount of the lease liability and associated ROU asset for all leases that are subject to the recognition requirements of ASC 842, *Leases*, when the implicit rate is not readily available.

The Organization has elected to separate lease components from non-lease components. Non-lease components consist of the Organization’s pro-rata portion of common area maintenance fees, taxes, and other assessments, as defined in the respective lease agreements. Non-lease components are not included in the Organization’s calculation of ROU assets and liabilities. These amounts are expensed as incurred.

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Guidance

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Classification (“ASC”) 842, *Leases*, related to the accounting for leases to increase transparency and compatibility among organizations by requiring the recognition of ROU assets and lease liabilities for those leases classified as operating leases on the statements of financial position. Under this standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

EveryMind elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date. As of July 1, 2022, EveryMind recognized an operating lease liability of \$12,327 and an operating ROU asset of \$12,327. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2022.

The adoption of ASC 842, *Leases*, had no impact on the Organization’s prior year’s net assets.

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.

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.

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

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.

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

EveryMind, Inc.
Notes to the Financial Statements

Note 2: Summary of Significant Accounting Policies (continued)

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 on or before June 30, 2022 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.

Reclassification

Certain reclassifications may have been made to the financial statement presentation for the year ended June 30, 2022 to correspond to the current year's format. The net assets are unchanged due to these reclassifications.

Subsequent Events

For the year ended June 30, 2023, the Organization evaluated subsequent events for potential recognition and disclosure through December 12, 2023, 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 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 904,249	\$ 1,999,997
Accounts receivable	1,814,396	826,673
Contributions receivable	983,308	147,065
Investments	<u>2,828,543</u>	<u>2,348,187</u>
Subtotal	6,530,496	5,321,922
Less amounts not available to be used within 1 year: Board designated funds	(750,000)	(750,000)
Less amounts not available to be used within 1 year: Time restricted contributions	<u>(400,000)</u>	<u>-</u>
Financial assets available for general expenditures over the next 12 months	<u>\$ 5,380,496</u>	<u>\$ 4,571,922</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 \$900,000 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.

Level 2: Inputs to the valuation methodology include:

EveryMind, Inc.
Notes to the Financial Statements

Note 4: Investments and Fair Value Measurement (continued)

- 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 and 2. Level 1 because they comprise open-end mutual funds and exchange traded funds with readily determinable fair values based on daily redemption values. U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

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

Investments at Fair Value as of June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 1,481,797	\$ --	\$ --	\$ 1,481,797
Bond mutual funds	822,307	--	--	822,307
US Government obligations	--	159,059	--	159,059
Exchange traded funds	<u>365,380</u>	<u>--</u>	<u>--</u>	<u>365,380</u>
Total investments at fair value	<u>\$ 2,669,484</u>	<u>\$ 159,059</u>	<u>\$ --</u>	<u>\$ 2,828,543</u>

EveryMind, Inc.
Notes to the Financial Statements

Note 4: Investments and Fair Value Measurement (continued)

Investments at Fair Values as of June 30, 2022

	<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>

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. The fair values of lease obligations are based on the risk-free rate available at the measurement dates and approximate their carrying amounts. These estimates are considered to fall within Level 2 of the fair value hierarchy.

Note 5: Accounts Receivable

Accounts receivable consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Billed receivable	\$ 1,807,288	\$ 819,565
Unbilled receivable	7,108	7,108
Accounts receivable	<u>\$ 1,814,396</u>	<u>\$ 826,673</u>

Note 6: Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 76,684	\$ 76,684
Building and improvements	1,141,255	1,055,335
Furniture and equipment	366,251	329,408
Vehicles	<u>30,517</u>	<u>30,517</u>
Property and equipment, at cost	1,614,707	1,491,944
Less: accumulated depreciation	<u>(1,259,686)</u>	<u>(1,227,661)</u>
Property and equipment, net	<u>\$ 355,021</u>	<u>\$ 264,283</u>

EveryMind, Inc.
Notes to the Financial Statements

Note 6: Property and Equipment (continued)

Depreciation expense for the fiscal years ended June 30, 2023 and 2022 was \$32,024 and \$27,658, respectively.

Note 7: Line of Credit

EveryMind maintains a line of credit through a commercial lender for working capital purposes, with a maximum borrowing of \$900,000. Interest is payable monthly at an interest rate of Wall Street Journal Prime (8.25% at June 30, 2023) plus 1.00% with a floor rate of 5.50%. For the fiscal years ended June 30, 2023 and 2022, the interest rate was 9.25% and 5.75%, 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, 2023 and 2022, 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%. The interest rate was 4.625% for the fiscal year ended June 30, 2023. 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 \$305,235 at June 30, 2023. The property was appraised for \$2,100,000 in June 2006.

Future maturities of mortgages are as follows:

Year ending June 30,	
2024	\$ 9,425
2025	9,909
2026	<u>241,425</u>
	<u>\$ 260,759</u>

Mortgage interest expense for the fiscal years ended June 30, 2023 and 2022 was \$12,458 and \$12,902, respectively.

Note 9: Net Assets

Net assets without donor restrictions - Board Designated

As of June 30, 2023 and 2022, 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.

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, 2023 consist of:

Purpose Restricted:

Serving Together Program	\$	28
Linkages to Learning		8,122
Internship for multiple programs		35,000

Designated for Future Periods:

Serving Together Program		380,000
Hotline		606,234
Linkages to Learning		10,000
General Support		<u>520,000</u>
Net assets with donor restrictions	\$	<u><u>1,559,384</u></u>

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
Hotline		<u>1,431,494</u>
Net assets with donor restrictions	\$	<u><u>1,606,089</u></u>

Note 10: Contributed Nonfinancial Assets

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

	<u>2023</u>	<u>2022</u>
Professional services	\$ 45,225	\$ 53,908
Client needs	11,150	9,643
Occupancy	<u>605</u>	<u>1,211</u>
Total contributed nonfinancial assets	\$ <u><u>56,980</u></u>	\$ <u><u>64,762</u></u>

EveryMind, Inc.
Notes to the Financial Statements

Note 10: Contributed Nonfinancial Assets (continued)

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.

For fiscal year 2023, 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. 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.

Note 11: Leases under ASC 842, Leases

For the year ended June 30, 2023, EveryMind accounted for leases under ASC 842, *Leases*. For the year end June 30, 2023, EveryMind had operating leases for two office spaces in Maryland and various equipment. The Organization's leases subject to recognition under ASC 842, *Leases* expire at various times through January 2028.

The components of lease expense which are included in the occupancy, interest, and depreciation expenses on the statement of functional expenses are as follows for the year ended June 30, 2023:

Operating lease costs	\$ 18,881
Short-term lease costs	9,433
Financing lease costs	
Depreciation of right-of use asset	2,186
Interest on lease liabilities	<u>402</u>
Total lease expense	<u>\$ 30,902</u>

EveryMind, Inc.
Notes to the Financial Statements

Note 11: Leases under ASC 842, Leases (continued)

The balance sheet information related to the Company's leases are as follows as of June 30, 2023:

Operating leases	
Operating lease right-of-use asset	\$ 48,207
Operating lease liability	(49,708)
Financing leases	
Equipment	26,231
Accumulated depreciation	(2,186)
Financing lease liability	(24,233)

Future payments under the operating lease agreements are as follows as of June 30, 2023:

Year ending June 30	
2024	\$ 23,328
2025	17,658
2026	8,533
2027	2,030
2028	<u>508</u>
Total lease payments	52,057
Less: imputed interest	<u>(2,349)</u>
Total	<u>\$ 49,708</u>

The future payments under the Company's financing lease agreement are as follows as of June 30, 2023:

Year ending June 30:	
2024	\$ 5,760
2027	5,760
2026	5,760
2027	5,760
2028	<u>3,360</u>
Total lease payments	26,400
Less: imputed interest	<u>(2,167)</u>
Total	<u>\$ 24,233</u>

EveryMind, Inc.
Notes to the Financial Statements

Note 11: Leases under ASC 842, Leases (continued)

Supplemental cash flow information related to leases:
Cash paid for amounts included in the measurement
of lease liabilities as of June 30, 2023:

Operating cash flows from operating leases	\$18,630
Operating cash flows from finance leases	\$402
Financing cash flows from finance leases	\$1,998

Noncash financing and investing cash flow (post
adoption)

Right-of-use assets obtained in exchange for lease
obligations:

Operating leases	\$52,664
Finance leases	\$26,231

Supplemental information
related to leases:

	Operating	Finance
Weighted average remaining lease term:	2.44 years	4.58 years
Weighted average discount rate:	4.06%	3.87%

Note 12: Leases under ASC, 840, Leases

For the year ended June 30, 2022, EveryMind accounted for leases under ASC 840, Leases. For the year ended June 30, 2022, EveryMind had an operating lease for office space in Maryland and various equipment. Total rent expense for the year ended June 30, 2022 was \$17,354, which included donated rent of \$1,211.

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, 2023 and 2022, EveryMind contributed \$213,841 and \$156,050 to the plan, respectively.

EveryMind, Inc.
Notes to the Financial Statements

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, 2023, 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.

Note 15: Concentrations

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each institution. At June 30, 2023 and 2022, EveryMind exceeded the insured limit by \$429,694 and \$304,255 in its balances with its banking institutions, respectively.

For the years ended June 30, 2023 and 2022, EveryMind received 77% and 68% of its total support and revenue from the Montgomery County government, respectively. Receivables from the Montgomery County Government accounted for 94% and 87% of billed accounts receivable at June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, EveryMind had a total of 17 and 16, respectively, contracts from the Montgomery County government.

Note 16: Supplemental disclosure of cash flow information

Interest paid during fiscal years 2023 and 2022 was \$24,657 and \$14,524, respectively.