

**Screening for Mental Health, Inc.**

**Financial Statements**

**For the Years Ended  
December 31, 2012 and 2011**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
**Screening for Mental Health, Inc.**  
Wellesley, Massachusetts

We have audited the accompanying financial statements of **Screening for Mental Health, Inc.** (a non-profit organization), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities and functional expenses for the year ended December 31, 2012 and the statements of cash flows for the years ended December 31, 2012 and 2011, 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.

### Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Screening for Mental Health, Inc.** as of December 31, 2012, 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.

**Report on Summarized Comparative Information**

We have previously audited **Screening for Mental Health, Inc.'s** 2011 financial statements, and our report dated June 20, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Brauer PC*  
Needham, Massachusetts  
August 30, 2013

## Screening for Mental Health, Inc.

### Statements of Financial Position December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 3,235,703	\$ 2,965,109
Accounts receivable	546,370	590,377
Prepaid expenses	21,159	35,952
Investments	2,002,077	1,995,084
Property and equipment, net of accumulated depreciation of \$195,592 and \$189,968, respectively	<u>23,483</u>	<u>41,425</u>
Total assets	<u>\$ 5,828,792</u>	<u>\$ 5,627,947</u>
<i>Liabilities and Net Assets</i>		
Obligation under capital lease	\$ 9,906	\$ 20,278
Accounts payable	33,084	49,014
Accrued expenses	54,171	47,552
Refundable advances	<u>7,969</u>	<u>13,329</u>
Total liabilities	<u>105,130</u>	<u>130,173</u>
Net assets		
Unrestricted	4,710,464	4,470,774
Unrestricted - board designated	1,000,000	1,000,000
Temporarily restricted	<u>13,198</u>	<u>27,000</u>
Total net assets	<u>5,723,662</u>	<u>5,497,774</u>
Total liabilities and net assets	<u>\$ 5,828,792</u>	<u>\$ 5,627,947</u>

## Screening for Mental Health, Inc.

### Statement of Activities For the Year Ended December 31, 2012 (With Comparative Totals for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
<b>Revenues</b>				
Contract revenue	\$ 2,382,603	\$ -	\$ 2,382,603	\$ 3,008,810
Registration fees	690,296	-	690,296	727,967
Interest income, net of investment fees	90,246	-	90,246	30,803
Grants and contributions	18,824	31,950	50,774	60,134
Miscellaneous income	18,877	-	18,877	20,739
Loss on investments	(50,152)	-	(50,152)	(12,412)
Net assets released from restriction	45,752	(45,752)	-	-
<b>Total revenues</b>	<u>3,196,446</u>	<u>(13,802)</u>	<u>3,182,644</u>	<u>3,836,041</u>
<b>Expenses</b>				
Program	2,202,088	-	2,202,088	2,636,885
Management and general	754,668	-	754,668	829,809
<b>Total expenses</b>	<u>2,956,756</u>	<u>-</u>	<u>2,956,756</u>	<u>3,466,694</u>
<b>Change in net assets</b>	<u>239,690</u>	<u>(13,802)</u>	<u>225,888</u>	<u>369,347</u>
<b>Net assets at beginning of year</b>	<u>5,470,774</u>	<u>27,000</u>	<u>5,497,774</u>	<u>5,128,427</u>
<b>Net assets at end of year</b>	<u>\$ 5,710,464</u>	<u>\$ 13,198</u>	<u>\$ 5,723,662</u>	<u>\$ 5,497,774</u>

*The accompanying notes are an integral part of these financial statements*

Screening for Mental Health, Inc.

Statement of Functional Expenses  
For the Year Ended December 31, 2012  
(With Comparative Totals for 2011)

	Workplace Response Program	College Programs	Youth Programs	National Depression Screening Day	Military Programs	Suicide Research Division	Total Program	Management and General	Total
	2012	2012	2012	2012	2012	2012	2012	2012	2011
Wages, taxes and benefits	\$ 117,245	\$ 205,909	\$ 144,879	\$ 75,173	\$ 520,961	\$ 26,877	\$ 1,091,044	\$ 297,720	\$ 1,388,764
Kit design, production and storage	1,153	53,627	79,105	26,437	299,624	371	460,317	8	548,372
Advertising and public relations	12,658	3,716	2,055	4,023	189,854	-	212,306	661	384,778
Facilities	-	14	125	25	-	3	167	173,213	181,152
Communication technology	7,115	2,543	1,280	441	102,077	-	113,456	52,033	190,451
Consultants	-	-	-	-	36,817	40,541	77,358	22,343	173,384
Video production	-	-	25,502	-	120,035	-	145,537	-	225,216
Office	9,795	2,727	1,928	2,410	7,874	532	25,266	65,508	85,214
Travel and conferences	4,431	7,702	8,811	4,436	26,099	1,760	53,239	17	72,352
Professional fees	-	-	-	-	-	546	546	49,116	47,285
Depreciation	-	-	-	-	-	-	-	32,217	83,342
Insurance	-	-	-	-	-	-	-	31,735	33,052
Bank and administrative fees	-	137	134	185	-	-	456	26,799	30,237
Contracted services	346	1,276	3,456	853	3,993	-	9,924	24	12,409
Postage and delivery	142	689	1,283	898	2,630	29	5,671	3,130	4,930
Dues and subscriptions	154	872	318	403	2,884	2,170	6,801	144	7,124
	\$ 153,039	\$ 279,212	\$ 268,876	\$ 115,284	\$ 1,312,848	\$ 72,829	\$ 2,202,088	\$ 754,668	\$ 2,956,756
									\$ 3,466,694

## Screening for Mental Health, Inc.

### Statements of Cash Flows For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 225,888	\$ 369,347
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	32,217	83,342
Loss on investments	50,152	12,412
Change in interest accrued on investments	473	(26,701)
Decrease (increase) in		
Accounts receivable	44,007	(83,047)
Prepaid expenses	14,793	(934)
Increase (decrease) in		
Accounts payable	(15,930)	5,475
Accrued expenses	6,619	(16,467)
Refundable advances	(5,360)	(63,857)
Total adjustments	126,971	(89,777)
Net cash and cash equivalents provided by operating activities	352,859	279,570
Cash flows from investing activities		
Purchases of marketable debt securities	(369,677)	(1,985,923)
Proceeds from sale of marketable debt securities	312,059	5,128
Capital expenditures	(14,275)	-
Net cash and cash equivalents used in investing activities	(71,893)	(1,980,795)
Cash flow from financing activities		
Payment on capital lease obligation	(10,372)	(8,936)
Net cash and cash equivalents used in financing activities	(10,372)	(8,936)
Net increase (decrease) in cash and cash equivalents	270,594	(1,710,161)
Cash and cash equivalents at beginning of year	2,965,109	4,675,270
Cash and cash equivalents at end of year	\$ 3,235,703	\$ 2,965,109

*The accompanying notes are an integral part of these financial statements*

# Screening for Mental Health, Inc.

## Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

### 1. Organization and Description of Operations

Screening for Mental Health, Inc. was organized as a non-profit corporation on February 17, 1994.

Screening for Mental Health, Inc. (the "Organization") is a unique non-profit organization whose mission is to decrease stigma associated with mental health disorders and provide the public with mental health education, screening, and treatment resources. The Organization provides these services to more than a half a million people each year. To do this, the Organization coordinates activities of thousands of unique screening sites located in every state across the country and approximately 30 large employers and health care companies.

The Organization recruits each of the screening sites, provides the model for the event and makes materials available for sites implementing the program. Additionally, online screenings are available to community based organizations, hospitals, colleges and universities, workplaces, and military installations worldwide, thus bringing the program and services to an even larger audience. The unique coordination with facilities and professionals across the nation is what makes national mental health screening possible and cost-effective.

The Organization is responsible for running several different national screening initiatives, each addressing a different constellation of mental health disorders, and each involving different sponsors, supporters and funding. National Depression Screening Day®, the Organization's flagship program, takes place annually and addresses depression, bipolar disorders, general anxiety disorder, post-traumatic stress disorder and suicide. National Alcohol Screening Day® also takes place annually and addresses a whole range of alcohol problems from risky drinking to alcohol dependence. The Organization also runs a middle school and high school suicide prevention program that is available throughout the school year. The college program brings together depression and alcohol screening with the addition of eating disorders screening. Workplace Response® provides screening services year round to major corporations, federal, state and local government agencies, and national and regional healthcare companies. The program includes education and self assessment tools, delivered via event kits and online tools. The Military Pathways® program is offered to military personnel and their families in all branches, including the National Guard and Reserve.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### *Basis of Presentation*

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### *Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.



## Screening for Mental Health, Inc.

### Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

#### 2. Summary of Significant Accounting Policies (Continued)

##### *Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

##### *Cash and Cash Equivalents*

The Organization considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

##### *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that all accounts receivable will be collected, therefore no valuation allowance has been recorded as of December 31, 2012 and 2011.

##### *Investments*

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the accompanying statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

##### *Investment Income and Gains*

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

##### *Fair Value Measurement*

GAAP establishes 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

## Screening for Mental Health, Inc.

### Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

#### 2. Summary of Significant Accounting Policies (Continued)

##### *Fair Value Measurement (Continued)*

##### Basis of Fair Value Measurement

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

##### *Property and Equipment*

Property consists of computers, furniture and fixtures. These assets are stated at cost, less accumulated depreciation and amortization. They are being depreciated and amortized on a straight-line basis over their estimated useful lives, which range from three to five years. It is the policy of the Organization to capitalize those items with an expected life greater than one year and which have a cost exceeding \$1,000.

##### *Income Tax*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts income tax under Massachusetts General Law 180. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2012 and 2011, the Company does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Company's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2012, the Company's income tax returns generally remain open for examination for three years from the date filed with each taxing jurisdiction.

##### *Restricted and Unrestricted Revenue*

Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## Screening for Mental Health, Inc.

### Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

#### 2. Summary of Significant Accounting Policies (Continued)

##### *Expense Allocation*

The costs of providing various program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### 3. Investments in Marketable Debt Securities

The Organization's investments at December 31, 2012 and 2011 consist of investments in marketable debt securities recorded at fair value as summarized below:

	2012	2011
Municipal bonds	\$ 157,626	\$ 158,454
Government bonds	323,940	215,799
Corporate bonds	1,499,867	1,594,130
Accrued interest	20,644	26,701
	<u>\$ 2,002,077</u>	<u>\$ 1,995,084</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2012 and 2011:

	2012	2011
Interest income	\$ 81,308	\$ 18,572
Net loss on investments	(50,152)	(12,412)
Total investment return	31,156	6,160
Investment fees	5,975	7,486
Total investment return, net of fees	<u>\$ 25,181</u>	<u>\$ (1,326)</u>

The Organization earned additional interest on its cash balances of \$14,913 and \$19,717 for the years ended December 31, 2012 and 2011.

#### 4. Fair Value Measurements

The fair value of all investments in marketable debt securities is determined by quoted market prices. These investments are all measured using Level 1 measurements.

## Screening for Mental Health, Inc.

### Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

#### 5. Property and Equipment

Property and equipment consist of the following as of December 31:

	2012	2011
Office equipment	\$ 82,839	\$ 95,157
Leasehold improvements	136,236	136,236
Accumulated depreciation	219,075 (195,592)	231,393 (189,968)
	\$ 23,483	\$ 41,425

Depreciation expense for the years ended December 31, 2012 and 2011 was \$32,217 and \$83,342, respectively.

#### 6. Refundable Advances

The Organization has entered into service contracts under which the Organization receives periodic payments as stipulated by the agreements. Refundable advances represent the excess of collections on the service contracts over the revenue earned as of the end of the year. Refundable advances are \$7,969 and \$13,329 as of December 31, 2012 and 2011, respectively.

#### 7. Obligation Under Capital Lease

The obligation under capital lease consists of the following as of December 31:

	2012	2011
Capital lease payable, secured by equipment, payable in monthly installments of \$1,060 including interest of 15% per annum through October 2013.	\$ 9,906	\$ 20,278

The cost of the equipment of \$44,557, net of accumulated depreciation of \$29,219, is included in property and equipment as of December 31, 2012.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2012:

Year ending December 31, 2013	\$ 10,600
Future minimum lease payments	10,600
Less amount representing interest	694
Present value of minimum lease payments	\$ 9,906

## Screening for Mental Health, Inc.

### Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

#### 8. Restrictions on Net Assets

Substantially all of the restrictions on net assets are related to grants received from private organizations. Temporarily restricted net assets consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
Contribution from McLean Hospital for National Eating Disorder Screening Day	\$ 950	\$ -
Grant from Forest Laboratories for National Depression Screening Day	6,248	-
Contribution from Eating Recovery Services for National Eating Disorder Screening Day	-	5,000
Contribution from Rogers Memorial Hospital for National Eating Disorder Screening Day	6,000	5,000
Contribution from The Will to Live Foundation for Youth programs	-	12,000
Contribution from Eating Disorder Hope for National Eating Disorder Screening Day	-	5,000
	<u>\$ 13,198</u>	<u>\$ 27,000</u>

#### 9. Related Party Transactions

Dr. Jacobs, President and CEO, receives a salary from Professional Psychiatric Associates, Inc. ("PPA"), and the Organization reimburses PPA for Dr. Jacobs' time. The total reimbursements for Dr. Jacobs' time amounted to approximately \$100,000 and \$110,000 for the years ended December 31, 2012 and 2011, respectively. Reimbursements from PPA for administrative expenses amounted to \$22,061 and \$38,494 for the years ended December 31, 2012 and 2011, respectively.

The Organization leases office space from PPA on an at-will basis. Total rent paid to PPA amounted to \$21,040 and \$19,820 for the years ended December 31, 2012 and 2011, respectively.

#### 10. Concentrations of Credit Risk

Financial instruments, that potentially subject the Organization to concentrations of credit risk, consist primarily of temporary cash investments and accounts receivable.

The Company has a potential concentration of credit risk in that it maintains deposits with (a) financial institution(s) in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum deposit insurance amount is \$250,000 for interest bearing accounts, which is applied per depositor, per insured depository institution for each account ownership category. Non-interest bearing transaction deposit accounts are provided unlimited insurance coverage through December 31, 2012. Beginning on January 1, 2013, non-interest bearing transaction accounts will no longer be insured separately from depositors' other accounts at the same insured depository institution. Instead, non-interest bearing transaction accounts will be added to any of a depositor's other accounts in the applicable ownership category, and the aggregate balance is insured up to \$250,000, per depositor, per insured depository institution for each account ownership category.

## Screening for Mental Health, Inc.

### Notes to the Financial Statements For the Years Ended December 31, 2012 and 2011

#### 10. Concentrations of Credit Risk (Continued)

Concentrations of credit risk with respect to accounts receivable is limited due to the large number of customers and their dispersion across different industries, government sectors and geographic areas.

#### 11. Concentrations of Revenue

Approximately 69% of the Organization's revenue is provided from a contract with the U.S. Department of Defense for the year ended December 31, 2012.

#### 12. Pension Plan

The Organization maintains a 403(b) pension plan for its employees. Contributions to the plan are made by the employees through payroll deductions. Beginning in 1999, the Organization began making contributions to the plan, matching up to 50% of the employee salary reduction contributions. The Organization's contributions to the plan were \$24,795 and \$27,178 for the years ended December 31, 2012 and 2011, respectively.

#### 13. Commitments and Contingencies

The Organization leases office space under various operating leases expiring on March 31, 2017. Minimum future rental payments under the non-cancelable operating leases are as follows:

Year Ending December 31	
2013	\$ 137,265
2014	141,381
2015	145,620
2016	149,991
2017	37,773
	<u>\$ 612,030</u>

Rent expense amounted to \$158,689 and \$166,871 for the years ended December 31, 2012 and 2011, respectively.

#### 14. Supplementary Cash Flow Information

Cash paid for interest amounted to \$2,348 and \$3,785 during the years ended December 31, 2012 and 2011, respectively.

#### 15. Subsequent Events

The Organization has evaluated all subsequent events through August 30, 2013, the date the financial statements were available to be issued.