

2011
AUDIT
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Screening for Mental Health, Inc.

Financial Statements

**For the Years Ended
December 31, 2011 and 2010**

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2011 Audit
032672
WELLESLEY MASSACHUSETTS


REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of **Screening for Mental Health, Inc.** (a non-profit organization) as of December 31, 2011 and the related statements of cash flows for the years then ended, and the statements of activities and functional expenses for the year ended December 31, 2011. These financial statements are the responsibility of the management of **Screening for Mental Health, Inc.** Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Organization's December 31, financial statements and, in our report dated April 3, 2011, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Screening for Mental Health, Inc.**, as of December 31, 2011 and 2010, and the changes in its cash flows for the years then ended and the changes in its net assets for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.


Needham, Massachusetts
April 23, 2012

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Needham
Boston
Concord
Taunton
Providence

Screening for Mental Health, Inc.

Statements of Financial Position December 31, 2011 and 2010

	2011	2010
<i>Assets</i>		
Cash and cash equivalents	\$ 2,965,109	\$ 4,675,270
Accounts receivable	590,377	507,330
Prepaid expenses	35,952	35,018
Investments	1,995,084	-
Property and equipment, net of accumulated depreciation of \$189,968 and \$106,626, respectively	41,425	124,767
Total assets	\$ 5,627,947	\$ 5,342,385
<i>Liabilities and Net Assets</i>		
Obligation under capital lease	\$ 20,278	\$ 29,214
Accounts payable	49,014	43,539
Accrued expenses	47,552	64,019
Refundable advances	13,329	77,186
Total liabilities	130,173	213,958
Net assets		
Unrestricted	4,470,774	5,127,227
Unrestricted - board designated	1,000,000	-
Temporarily restricted	27,000	1,200
Total net assets	5,497,774	5,128,427
Total liabilities and net assets	\$ 5,627,947	\$ 5,342,385

The accompanying notes are an integral part of these financial statements

Screening for Mental Health, Inc.

Statement of Activities For the Year Ended December 31, 2011 (With Comparative Totals for 2010)

	Temporarily		Total	
	Unrestricted	Restricted	2011	2010
Revenues				
Contract revenue	\$ 2,909,126	\$ -	\$ 2,909,126	\$ 3,445,608
Registration fees	827,651	-	827,651	718,597
Interest income, net of investment fees	30,803	-	30,803	46,947
Grant revenue	33,134	27,000	60,134	43,285
Miscellaneous income	20,739	-	20,739	11,815
Loss on investments	(12,412)	-	(12,412)	-
Loss on abandonment of leasehold improvements	-	-	-	(3,498)
Net assets released from restriction	1,200	(1,200)	-	-
Total revenues	3,810,241	25,800	3,836,041	4,262,754
Expenses				
Program	2,636,885	-	2,636,885	3,322,524
Management and general	829,809	-	829,809	794,148
Total expenses	3,466,694	-	3,466,694	4,116,672
Change in net assets	343,547	25,800	369,347	146,082
Net assets at beginning of year	5,127,227	1,200	5,128,427	4,982,345
Net assets at end of year	<u>\$ 5,470,774</u>	<u>\$ 27,000</u>	<u>\$ 5,497,774</u>	<u>\$ 5,128,427</u>

Screening for Mental Health, Inc.

Notes to Financial Statements For the Years Ended December 31, 2011 and 2010

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 Financial Statements For the Years Ended December 31, 2011 and 2010

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, 2010, 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, 2011 and 2010.

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 statements 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 Financial Statements For the Years Ended December 31, 2011 and 2010

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, 2011 and 2010, 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, 2011, 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 Financial Statements For the Years Ended December 31, 2011 and 2010

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, 2011 consist of investments in marketable debt securities recorded at fair value as summarized below:

Municipal bonds	\$	158,454
Government bonds		215,799
Corporate bonds		1,594,130
Accrued interest		26,701
		<u>26,701</u>
	\$	<u>1,995,084</u>

The Organization had no investments as of December 31, 2010.

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

	<u>Unrestricted</u>
Interest income	\$ 18,572
Net loss on investments	<u>(12,412)</u>
Total investment return	6,160
Investment fees	<u>7,486</u>
Total investment return, net of fees	<u>\$ (1,326)</u>

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 Financial Statements For the Years Ended December 31, 2011 and 2010

5. Property and Equipment

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

	2011	2010
Office equipment	\$ 95,157	\$ 95,157
Leasehold improvements	136,236	136,236
	231,393	231,393
Accumulated depreciation	(189,968)	(106,626)
	\$ 41,425	\$ 124,767

Depreciation expense for the years ended December 31, 2011 and 2010 was \$83,342 and \$65,970, 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 \$13,329 and \$77,186 as of December 31, 2011 and 2010, respectively.

7. Obligation Under Capital Lease

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

	2011	2010
Capital lease payable, secured by equipment, payable in monthly installments of \$1,060 including interest of 15% per annum through October 2013.	\$ 20,278	\$ 29,214

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, 2011.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2011:

Year ending December 31,	
2012	\$ 12,720
2013	10,600
Future minimum lease payments	23,320
Less amount representing interest	3,042
Present value of minimum lease payments	\$ 20,278

Screening for Mental Health, Inc.

Notes to Financial Statements For the Years Ended December 31, 2011 and 2010

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>2011</u>	<u>2010</u>
Grant from Eating Recovery Services for National Eating Disorder Screening Day	\$ 5,000	\$ -
Grant from Rogers Memorial Hospital for National Eating Disorder Screening Day	5,000	-
Grant from The Will to Live Foundation for Youth programs	12,000	-
Grant from Eating Disorder Hope for National Eating Disorder Screening Day	<u>5,000</u>	<u>1,200</u>
	<u>\$ 27,000</u>	<u>\$ 1,200</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 \$100,000 for the years ended December 31, 2011 and 2010. Reimbursements from PPA for administrative expenses amounted to \$38,494 and \$19,113 for the years ended December 31, 2011 and 2010, respectively.

The Organization leases office space from PPA on an at-will basis. Total rent paid to PPA amounted to \$19,820 and \$19,296 for the years ended December 31, 2011 and 2010, 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 Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one institution. Cash balances held with various financial institutions at times exceeds the insurance limit of \$250,000 provided by the Federal Deposit Insurance Corporation. Management does not believe that there is a significant credit risk related to temporary cash investments due to supplemental Depositors Insurance Fund coverage which insures the total deposit balance with the financial institutions.

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 75% of the Organization's revenue is provided from a contract with the U.S. Department of Defense for the year ended December 31, 2011.

