

SCREENING FOR MENTAL HEALTH, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

SCREENING FOR MENTAL HEALTH, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Screening for Mental Health, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Screening for Mental Health, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 auditors' 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.

I



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, 2015, 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

The financial statements of Screening for Mental Health, Inc. as of December 31, 2014, and for the year then ended, were audited by us and in our report dated July 29, 2015, we expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcus LLP

Needham, MA
June 20, 2016

SCREENING FOR MENTAL HEALTH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 1,040,179	\$ 1,107,238
Accounts receivable	126,161	135,293
Prepaid expenses	51,948	41,270
Investments	3,028,256	3,402,755
Property and equipment, net	<u>56,005</u>	<u>87,896</u>
Total Assets	<u>\$ 4,302,549</u>	<u>\$ 4,774,452</u>
Liabilities and Net Assets		
Obligation under capital lease	\$ 46,859	\$ 64,256
Accounts payable	84,996	34,833
Accrued expenses	55,513	58,328
Deferred revenue	<u>95,835</u>	<u>17,007</u>
Total Liabilities	<u>283,203</u>	<u>174,424</u>
Net Assets		
Unrestricted	2,977,346	3,560,028
Unrestricted - board designated	1,000,000	1,000,000
Temporarily restricted	<u>42,000</u>	<u>40,000</u>
Total Net Assets	<u>4,019,346</u>	<u>4,600,028</u>
Total Liabilities and Net Assets	<u>\$ 4,302,549</u>	<u>\$ 4,774,452</u>

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, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Unrestricted	Temporarily Restricted	Total 2015	Total 2014
Support and Revenues				
Contract revenue	\$ 1,276,545	\$ --	\$ 1,276,545	\$ 1,499,062
Registration fees	1,077,936	--	1,077,936	793,432
Grants and contributions	148,239	43,500	191,739	167,181
Investment income, net of investment expenses	155,740	--	155,740	132,083
Miscellaneous income	24,551	--	24,551	14,306
Unrealized loss on investments	(136,853)	--	(136,853)	(115,485)
Net assets released from restriction	41,500	(41,500)	--	--
Total Support and Revenues	<u>2,587,658</u>	<u>2,000</u>	<u>2,589,658</u>	<u>2,490,579</u>
Expenses				
Program	2,533,099	--	2,533,099	2,327,455
Management and general	437,205	--	437,205	1,007,644
Fundraising	200,036	--	200,036	--
Total Expenses	<u>3,170,340</u>	<u>--</u>	<u>3,170,340</u>	<u>3,335,099</u>
Change in Net Assets	(582,682)	2,000	(580,682)	(844,520)
Net Assets at Beginning of Year	<u>4,560,028</u>	<u>40,000</u>	<u>4,600,028</u>	<u>5,444,548</u>
Net Assets at End of Year	<u>\$ 3,977,346</u>	<u>\$ 42,000</u>	<u>\$ 4,019,346</u>	<u>\$ 4,600,028</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, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)**

	Workplace Response Program	College Programs	Youth Programs	National Depression Screening Day	Military Programs	Suicide Research Division	Total Program	Management and General	Fundraising	Total 2015	Total 2014
Wages, taxes and benefits	\$ 176,469	\$ 310,791	\$ 254,298	\$ 181,859	\$ 189,971	\$ 46,999	\$ 1,160,387	\$ 231,232	\$ 128,592	\$ 1,520,211	\$ 1,719,448
Kit design, production and storage	10,374	61,402	95,804	26,931	295,653	170	490,334	732	--	491,066	646,628
Consultants	18,507	26,731	17,067	34,950	25,910	4,236	127,401	10,030	6,106	143,537	196,932
Facilities	26,438	46,805	38,857	27,760	28,985	2,494	171,339	32,040	19,505	222,884	213,099
Advertising and public relations	66,392	10,113	9,560	10,866	190,747	--	287,678	7,816	21,263	316,757	116,688
Communication technology	--	--	--	--	--	--	--	--	--	--	115,583
Office	4,916	9,954	6,732	11,700	5,075	578	38,955	26,197	3,386	68,538	75,812
Professional fees	--	--	--	--	--	--	--	59,844	--	59,844	44,251
Travel and conferences	3,638	10,994	24,032	17,636	36,420	4,583	97,303	10,976	3,878	112,157	81,485
Bank and administrative fees	5,674	14,361	16,804	7,524	8,000	858	53,221	45,417	6,294	104,932	29,172
Insurance	4,901	8,676	7,203	5,146	5,252	462	31,640	5,939	3,616	41,195	32,172
Depreciation and amortization	3,794	6,717	5,576	3,984	4,066	358	24,495	4,598	2,799	31,892	28,827
Postage and delivery	200	1,289	1,502	1,605	550	40	5,186	1,273	484	6,943	4,887
Contracted services	--	--	--	--	--	--	--	--	--	--	22,098
Kiosk development	--	--	--	43,879	--	--	43,879	--	--	43,879	--
Dues and subscriptions	--	491	66	271	228	225	1,281	1,111	4,113	6,505	8,017
	<u>\$ 321,303</u>	<u>\$ 508,324</u>	<u>\$ 477,501</u>	<u>\$ 374,111</u>	<u>\$ 790,857</u>	<u>\$ 61,003</u>	<u>\$ 2,533,099</u>	<u>\$ 437,205</u>	<u>\$ 200,036</u>	<u>\$ 3,170,340</u>	<u>\$ 3,335,099</u>

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

SCREENING FOR MENTAL HEALTH, INC.

STATEMENTS OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)**

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ (580,682)	\$ (844,520)
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Used in Operating Activities		
Depreciation	31,892	28,827
Unrealized loss on investments	136,853	115,485
Decrease (increase) in:		
Accounts receivable	9,132	35,987
Prepaid expenses	(10,679)	(19,268)
Increase (decrease) in:		
Accounts payable	50,163	(35,964)
Accrued expenses	(2,815)	15,050
Deferred revenue	78,828	10,247
Total Adjustments	<u>293,374</u>	<u>150,364</u>
Net Cash and Cash Equivalents Used in Operating Activities	<u>(287,308)</u>	<u>(694,156)</u>
Cash Flows from Investing Activities		
Purchases of marketable debt securities	(1,200,003)	(1,835,789)
Proceeds from sale of marketable debt securities	1,437,649	1,605,109
Capital expenditures	<u>--</u>	<u>(24,643)</u>
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	<u>237,646</u>	<u>(255,323)</u>
Cash Flow from Financing Activities		
Payments on capital lease obligation	<u>(17,397)</u>	<u>(16,680)</u>
Net Cash and Cash Equivalents Used in Financing Activities	<u>(17,397)</u>	<u>(16,680)</u>
Net Decrease in Cash and Cash Equivalents	(67,059)	(966,159)
Cash and Cash Equivalents at Beginning of Year	<u>1,107,238</u>	<u>2,073,397</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,040,179</u>	<u>\$ 1,107,238</u>

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

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF OPERATIONS

Screening for Mental Health, Inc. (the "Organization") was organized as a non-profit corporation on February 17, 1994.

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 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 health care 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.

NOTE 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").

SCREENING FOR MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

REVENUE RECOGNITION

Contract revenue is recognized in the period in which services are performed. Revenue from registration fees is recognized in the period received and all Organization responsibilities have been satisfied. Revenue from unconditional grants and contributions is recognized when pledged. Revenue from conditional grants and contributions is recognized when the all conditions of the grant or contribution have been satisfied.

CASH AND CASH EQUIVALENTS

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

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015 and 2014.

INVESTMENTS AND INVESTMENT INCOME

Investments in marketable equity and debt securities with readily determinable fair values are stated at fair value. Fair value is defined as the closing price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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. Dividends are recognized on the ex-dividend date. Interest income is recognized when earned.

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.

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.

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT (CONTINUED)

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 a cost exceeding \$1,000.

INCOME TAXES

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, 2015 and 2014, the Organization 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 Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions.

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 YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)**

NOTE 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.

SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through June 20, 2016, the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS IN MARKETABLE DEBT SECURITIES

The Organization's investments at December 31, 2015 and 2014 consist of investments in marketable securities recorded at fair value as summarized below:

December 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Municipal bonds	\$ 158,789	\$ --	\$ (106)	\$ 158,683
Government bonds	161,015	63	--	161,078
Corporate bonds	2,679,877	595	(8,288)	2,672,184
Accrued interest	<u>36,311</u>	<u>--</u>	<u>--</u>	<u>36,311</u>
	<u>\$3,035,992</u>	<u>\$ 658</u>	<u>\$ (8,394)</u>	<u>\$3,028,256</u>
December 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Municipal bonds	\$ 163,833	\$ --	\$ (600)	\$ 163,233
Government bonds	427,187	513	--	427,700
Corporate bonds	2,774,640	1,354	(2,442)	2,773,552
Accrued interest	<u>38,270</u>	<u>--</u>	<u>--</u>	<u>38,270</u>
	<u>\$3,403,930</u>	<u>\$ 1,867</u>	<u>\$ (3,042)</u>	<u>\$3,402,755</u>

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)**

NOTE 3 - INVESTMENTS IN MARKETABLE DEBT SECURITIES (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015:

	Fair Value	Level 1	Level 2	Level 3
Municipal bonds	\$ 158,682	\$ 158,682	\$ --	\$ --
Government bonds	161,079	161,079		
Corporate bonds	2,672,184	2,672,184		
Accrued interest	<u>36,311</u>	<u>36,311</u>	<u>--</u>	<u>--</u>
Total investments	<u>\$ 3,028,256</u>	<u>\$3,028,256</u>	<u>\$ --</u>	<u>\$ --</u>

The following table sets forth by level, with the fair value hierarchy, the Organization's assets at fair value as of December 31, 2014:

	Fair Value	Level 1	Level 2	Level 3
Municipal bonds	\$ 163,233	\$ 163,233	\$ --	\$ --
Government bonds	427,700	427,700		
Corporate bonds	2,773,552	2,773,552		
Accrued interest	<u>38,270</u>	<u>38,270</u>	<u>--</u>	<u>--</u>
Total investments	<u>\$ 3,402,755</u>	<u>\$3,402,755</u>	<u>\$ --</u>	<u>\$ --</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2015 and 2014:

	2015	2014
Interest income	\$ 166,314	\$ 142,597
Investment fees	<u>(10,574)</u>	<u>(10,514)</u>
Investment income, net	155,740	132,083
Unrealized loss on investments	<u>(136,853)</u>	<u>(115,485)</u>
Total investment return	<u>\$ 18,887</u>	<u>\$ 16,598</u>

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)**

NOTE 4 - PROPERTY AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Office equipment	\$ 129,362	\$ 129,362
Leasehold improvements	<u>22,082</u>	<u>22,082</u>
	151,444	151,444
Accumulated depreciation	<u>(95,439)</u>	<u>(63,548)</u>
	<u>\$ 56,005</u>	<u>\$ 87,896</u>

Depreciation and amortization expense for the years ended December 31, 2015 and 2014 was \$31,891 and \$28,827, respectively.

NOTE 5 - DEFERRED REVENUE

The Organization has entered into service contracts under which the Organization receives periodic payments as stipulated by the agreements. Deferred revenue represents the excess of collections on the service contracts over the revenue earned as of the end of the year. Deferred revenue is \$95,835 and \$17,007 as of December 31, 2015 and 2014, respectively.

NOTE 6 - OBLIGATION UNDER CAPITAL LEASE

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

	<u>2015</u>	<u>2014</u>
Capital lease payable, secured by equipment, payable in monthly installments of \$1,732 including interest of 4.25% per annum through June 2018.	<u>\$ 46,859</u>	<u>\$ 64,256</u>

The cost of the equipment of \$89,011, net of accumulated depreciation of \$42,152 and \$24,755, as of December 31, 2015 and 2014, respectively, is included in property and equipment as of December 31, 2015 and 2014.

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)**

NOTE 6 - OBLIGATION UNDER CAPITAL LEASE (CONTINUED)

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2015:

Year ending December 31,		
2016	\$	19,792
2017		19,792
2018		<u>9,896</u>
Future minimum lease payments		49,480
Less amount representing interest		<u>2,621</u>
Present value of minimum lease payments	\$	<u>46,859</u>

NOTE 7 - 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:

	2015	2014
Contributions from Scattergood	\$ 10,000	\$ --
Contribution from Douglas Chamberlin	6,000	
Contribution from Appleton Partners	6,000	--
Contribution from The Hilda & Preston Davis Foundation for Healthy Student Body Program	15,000	30,000
Contribution from The Makayla Fund for SOS Signs of Suicide Prevention Program	<u>5,000</u>	<u>10,000</u>
	<u>\$ 42,000</u>	<u>\$ 40,000</u>

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)

NOTE 8 - RELATED PARTY TRANSACTIONS

Dr. Jacobs, Medical Director, 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 \$60,000 and \$70,000 for the years ended December 31, 2015 and 2014, respectively. Reimbursements from PPA for administrative expenses amounted to \$22,593 and \$17,616 for the years ended December 31, 2015 and 2014, respectively.

The Organization leases office space from PPA on an at-will basis. Total rent paid to PPA amounted to \$22,355 and \$21,705 for the years ended December 31, 2015 and 2014, respectively.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

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

The Company has a potential concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum deposit insurance amount is \$250,000, per depositor, per insured depository institution for each account ownership category.

Two companies represented approximately 36% of the accounts receivable balance as of December 31, 2015. One company represented approximately 75% of the accounts receivable balance as of December 31, 2014.

NOTE 10 - CONCENTRATIONS OF REVENUE

Approximately 35% and 51% of the Organization's revenue is provided from a sub contract with Acentia which was awarded a contract from the U.S. Department of Defense for the years ended December 31, 2015 and 2014, respectively.

NOTE 11 - 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 \$21,705 and \$26,229 for the years ended December 31, 2015 and 2014, respectively.

SCREENING FOR MENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2014)**

NOTE 12 - 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,		
2016	\$	182,451
2017		<u>45,948</u>
	\$	<u>228,399</u>

Rent expense amounted to \$202,873 and \$191,281 for the years ended December 31, 2015 and 2014, respectively.

NOTE 13 - SUPPLEMENTARY CASH FLOW INFORMATION

Cash paid for interest amounted to \$2,395 and \$3,796 during the years ended December 31, 2015 and 2014, respectively.