
Active Minds, Inc.
Financial Statements
And
Independent Auditor's Report

Years Ended June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors
Active Minds, Inc.
Washington, DC

We have audited the accompanying financial statements of Active Minds, Inc. (Active Minds), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Active Minds as of June 30, 2017, and the change 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 Active Minds' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Abercrombie & Associates, LLC

Abercrombie & Associates, LLC
February 26, 2018
Silver Spring, MD

Active Minds
Statement of Financial Position
June 30, 2017

(With summarized comparative financial information as of June 30, 2016)

	6/30/17	6/30/16
ASSETS		
Cash and cash equivalents	\$ 229,702	\$ 523,774
Grants and accounts receivable, net	223,470	191,396
Prepaid expenses	52,431	30,668
Inventory	7,373	20,433
Other asset	5,411	7,473
Deposits	11,748	11,748
Property and equipment, net	10,318	14,641
TOTAL ASSETS	\$ 540,453	\$ 800,133
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 98,467	\$ 109,075
Deferred revenue	6,399	24,429
Deferred rent	-	5,355
Total Liabilities	104,866	138,859
 NET ASSETS		
Unrestricted	275,587	411,324
Restricted	160,000	249,950
Total Net Assets	435,587	661,274
TOTAL LIABILITIES AND NET ASSETS	\$ 540,453	\$ 800,133

The accompanying notes are an integral part of the financial statements

Active Minds
Statement of Activities
For the Year Ended June 30, 2017
(With summarized comparative financial information for the year ended June 30, 2016)

Revenue	Unrestricted	Temporarily Restricted	FYE 6/30/17 Total	FYE 6/30/16 Total
Contributions and grants	\$ 630,480	\$ 517,097	\$ 1,147,577	\$ 1,345,796
In-kind contributions	120,199		120,199	-
Conference and program sales revenue	196,454		196,454	165,178
Speaker and consulting fees	288,531		288,531	337,400
Special event income	261,907		261,907	229,040
Other income	4,725		4,725	9,964
Investment income	481		481	167
Net assets released from restrictions	607,047	(607,047)	-	-
Total Revenue and Support	<u>2,109,824</u>	<u>(89,950)</u>	<u>2,019,874</u>	<u>2,087,545</u>
Expenses				
Program Service	1,793,199	-	1,793,199	1,499,953
Management and General	150,089	-	150,089	58,254
Fundraising	302,273	-	302,273	285,315
Total Expenses	<u>2,245,561</u>	<u>-</u>	<u>2,245,561</u>	<u>1,843,522</u>
Change in Net Assets	(135,737)	(89,950)	(225,687)	244,023
Net Assets, Beginning of Year	<u>411,324</u>	<u>249,950</u>	<u>661,274</u>	<u>417,251</u>
Net Assets, End of Year	<u>\$ 275,587</u>	<u>\$ 160,000</u>	<u>\$ 435,587</u>	<u>\$ 661,274</u>

The accompanying notes are an integral part of the financial statements

Active Minds
Statement of Functional Expenses
For the Year Ended June 30, 2017
(With summarized comparative financial information for the year ended June 30, 2016)

	Program Expenses	Management & General Expenses	Fundraising Expenses	FYE 6/30/17 Total Expenses	FYE 6/30/16 Total Expenses
Personnel expenses	896,696	100,244	142,341	1,139,281	956,403
Professional fees	37,392	3,162	20,811	61,365	42,073
Supplies, office expenses	36,006	9,915	17,323	63,244	65,706
Information technology	38,848	1,083	1,480	41,411	45,107
Travel	8,013	5,601	1,016	14,630	17,969
Rent	107,369	8,873	14,093	130,335	145,576
Conference, events, programs	542,124	1,477	87,509	631,110	541,842
Advertising/marketing	28,242	634	1,517	30,393	20,049
Depreciation, amortization	4,459	507	733	5,699	8,797
Bad debt expense	-	5,500	-	5,500	-
Other expenses	-	2,394	-	2,394	-
Donated services	94,050	10,699	15,450	120,199	-
Total	1,793,199	150,089	302,273	2,245,561	1,843,522

The accompanying notes are an integral part of the financial statements

Active Minds
Statement of Cash Flows
For the Year Ended June 30, 2017

(With summarized comparative financial information for the year ended June 30, 2016)

	FYE 6/30/17	FYE 6/30/16
Cash Flows from Operating Activities		
Change in net assets	\$ (225,687)	\$ 244,023
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	5,699	8,797
Bad debt expense	5,500	-
Donated securities	(39,472)	(21,463)
Realized (gain)/loss on investments	243	444
Dividend income from securities	-	(57)
Decrease (increase) in receivables	(37,574)	(59,327)
Decrease (increase) in prepaid expenses	(21,763)	2,484
Decrease (increase) in inventory	13,060	(5,116)
Decrease (increase) in other asset	2,062	-
Increase (decrease) in accounts payable & accrued expenses	(10,608)	43,722
Increase (decrease) in deferred revenue	(18,030)	12,641
Increase (decrease) in deferred rent	(5,355)	(3,805)
Net cash provided (used) by operating activities	(331,925)	222,343
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,376)	(8,094)
Proceeds from sale of investments	39,229	25,989
Net cash provided by investing activities	37,853	17,895
Increase (decrease) in Cash and Cash Equivalents	(294,072)	240,238
Cash and Cash Equivalents, Beginning of Year	523,774	283,536
Cash and Cash Equivalents, End of Year	\$ 229,702	\$ 523,774
Cash paid for interest	-	-

The accompanying notes are an integral part of the financial statements

Active Minds
Notes to Financial Statements
June 30, 2017

Note 1 – Organization and Summary of Accounting Policies

Organization

Active Minds, Inc. (Active Minds) is the nation's premier 501(c)(3) organization dedicated to raising mental health awareness among college students on the peer level. Active Minds was incorporated in 2003 under the laws of the District of Columbia. The organization works with college students nationwide to educate their peers about issues of mental health, symptoms of mental illness, and available resources for seeking help. By promoting awareness and education, Active Minds and its campus chapters aim to open a dialogue around issues of mental health, promote early help seeking, and prevent suicides.

Tax status

Active Minds has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that Active Minds is not a private foundation. Active Minds is required to report unrelated business income to the Internal Revenue Service and the District of Columbia.

Uncertain tax positions

The Financial Accounting Standards Board (FASB) has released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended June 30, 2017, Active Minds has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. Tax years ending June 30, 2016, 2015 and 2014 remain open with both Federal and state taxing authorities.

Basis of presentation

The financial statements of Active Minds have been prepared on the accrual basis of accounting in accordance with FASB ASC 958, *Not-for-Profit Entities*.

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 Active Minds' financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Cash and cash equivalents

For financial statement purposes, cash and cash equivalents include, operating cash accounts, petty cash and highly liquid money market fund accounts with original maturities of three months or less.

Active Minds
Notes to Financial Statements
June 30, 2017

Investments

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the accompanying statement of activities. When received, donated securities are recorded at fair value, based on the fair market value of the securities as of the date of donation.

Inventory

Inventory consists of branded items and books recorded at cost.

Net assets

Active Minds has established the following net asset categories:

- Unrestricted net assets are available for use in general operations.
- Temporarily restricted net assets consist of amounts that are subject to donor restrictions and income earned on permanently restricted net assets. Active Minds is permitted to use or expend the donated assets in accordance with the donor restrictions.
- Active Minds reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue recognition

Active Minds recognizes revenue when it is earned. Revenues are recorded at the time pledges are made, corporate support is pledged, products are shipped, services are performed, or obligations are fulfilled. Contributions are reported in accordance with the provisions of FASB ASC 958-605, *Revenue Recognition*.

Property and equipment

Property and equipment consist of furniture, office, computer equipment and intangible assets recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Active Minds' capitalization policy currently records property and equipment acquisitions over \$1,000 with an expected life of more than a year.

Donated services, goods and facilities

Donated professional services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Active Minds
Notes to Financial Statements
June 30, 2017

Advertising Costs

Advertising costs are expensed as incurred.

Use of estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Fair value measurement

Active Minds adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. Active Minds accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Note 2 - Grants and Accounts Receivable

At June 30, 2017 included in Grants and Accounts Receivable were the following:

Grants/accounts receivable due in less than one year	\$ 224,109
Less: allowance for doubtful accounts	<u>(639)</u>
Grants/accounts receivable, net of allowance	<u>\$ 223,470</u>

Active Minds uses the allowance method to account for uncollectible receivables. Receivables are determined uncollectible based on management's review.

Note 3 - Property and Equipment

Furniture, equipment and intangible assets are recorded at cost. Depreciation and amortization are provided over the estimated useful lives of the respective assets, which range from three to ten years on a straight line basis. Active Minds capitalizes property and equipment in excess of \$1,000.

Property and equipment consists of the following at June 30, 2017:

Furniture and equipment	\$ 67,790
Intangible assets: Logo design, trademarks	7,955
Accumulated depreciation & amortization	<u>(65,427)</u>
Book value	<u>\$ 10,318</u>

Depreciation and amortization expense were \$5,699 for the period ended June 30, 2017.

Active Minds
Notes to Financial Statements
June 30, 2017

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2017:

Chapter development/campus mental health	\$ 122,500
Conference	30,000
Time restricted	<u>7,500</u>
Total	<u>\$160,000</u>

Note 5 - Net Assets Released From Restrictions

Net assets were released from donor imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for the year ended June 30, 2017.

Chapter development/campus mental health	\$ 587,347
Conference	12,200
Passage of time	<u>7,500</u>
Total	<u>\$ 607,047</u>

Note 6 - Commitments

Active Minds leases its office space in Washington, DC under a non-cancellable operating lease that expires in July 2022. Rent expense for the year ended June 30, 2017 was \$ 130,335.

Future minimum lease commitments under all operating leases are as follows:

June 30, 2018	\$ 151,474
June 30, 2019	155,847
June 30, 2020	159,744
June 30, 2021	163,737
June 30, 2022	167,831
Thereafter	<u>7,007</u>
Total	<u>\$ 805,640</u>

Note 7 - Functional Allocation of Expenses

The cost of providing various program and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative costs have been allocated, when appropriate, to the programs and supporting services proportionately based on direct personnel costs.

Active Minds
Notes to Financial Statements
June 30, 2017

Note 8 - Concentration of Risk

Financial instruments that potentially expose Active Minds to concentrations of credit risk consist primarily of cash and cash equivalents. Active Minds maintains a money market account balance which is not federally insured. Management believed the risk is managed by maintaining all deposits with high quality financial institutions. Active Minds has not experienced, nor does it anticipate any loss of funds from its current concentration of risk.

Note 9 – Investment Income

Included in investment income are the following:

Dividends and interest	\$ 724
Realized loss	<u>(243)</u>
Total investment income	<u>\$ 481</u>

Note 10 – Other Asset

Active Minds is a participant (“subscriber”) in a reciprocal insurance exchange for health insurance purposes. As a subscriber the Active Minds received an allocation to its subscriber savings account (SSA) for its share of net loss from the reciprocal’s underwriting and investment activity during fiscal year ended June 30, 2017. Active Minds’ share of net loss in the amount of \$2,062 is included in Other Expenses on the Statement of Functional Expenses.

Note 11 - Retirement plan

Active Minds offers qualifying full-time employees an opportunity to participate in the 401k plan. Employees are qualified to participate starting on the one year anniversary of their employment date at Active Minds. Active Minds matches up to 50% of an employee’s contribution to a 401k account with a cap of 3% of employee’s salary. For the year ended June 30, 2017, employer contributions totaled \$7,225.

Note 12 – In-kind Contributions

Active Minds received donated legal services in the amount of \$118,391 for the year ended June 30, 2017 as well as other miscellaneous donated services of \$1,808.

Note 13 - Subsequent Events

In preparing these financial statements, Active Minds has evaluated events and transactions for potential recognition or disclosure through February 26, 2018, the date the financial statements were issued.