

**NATIONAL ALLIANCE ON MENTAL ILLNESS OF
MASSACHUSETTS, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES – WITHOUT DONOR RESTRICTIONS	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Board of Directors
National Alliance on Mental Illness of Massachusetts, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of National Alliance on Mental Illness of Massachusetts, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, changes 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.

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.

Board of Directors
National Alliance on Mental Illness of Massachusetts, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Alliance on Mental Illness of Massachusetts, Inc., as of June 30, 2020, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
April 15, 2021

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,734,025
Accounts Receivable	233,835
Prepaid Expenses	16,435
Total Current Assets	1,984,295

PROPERTY AND EQUIPMENT

Leasehold Improvements	1,050
Equipment	18,765
Total Property and Equipment	19,815
Less: Accumulated Depreciation	17,177
Total Property and Equipment, Net	2,638

OTHER ASSETS

Security Deposits	18,130
Total Other Assets	18,130

Total Assets	\$ 2,005,063
--------------	--------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 19,236
Accrued Expenses	75,417
Deferred Rent	3,698
Due to Affiliates	85,193
Long-Term Debt	105,000
Total Current Liabilities	288,544

Total Liabilities	288,544
-------------------	---------

NET ASSETS

Without Donor Restrictions	1,395,173
With Donor Restrictions	321,346
Total Net Assets	1,716,519

Total Liabilities and Net Assets	\$ 2,005,063
----------------------------------	--------------

See accompanying Notes to Financial Statements.

**NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
STATEMENT OF ACTIVITIES – WITHOUT DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions
REVENUE AND SUPPORT	
Grant Income	\$ 532,769
Special Events - NAMI-Walks	461,506
Contributions	353,781
Training Income	3,153
Other Operating Income	42,448
Interest Income	1,761
Net Assets Released from Restrictions Used for Operations	36,433
Total Revenue and Support	1,431,851
OPERATING EXPENSES	
Program Expenses	1,013,054
General Administrative	230,987
Fundraising	99,814
Total Operating Expenses	1,343,855
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 87,996

See accompanying Notes to Financial Statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
NET ASSETS - BEGINNING OF YEAR	\$ 1,307,177	\$ 271,145	\$ 1,578,322
Increase in Net Assets Without Donor Restrictions	87,996	-	87,996
Net Assets Released from Restriction Used for Operations	-	(36,433)	(36,433)
Restricted Contributions and Grant Income	-	86,634	86,634
Change in Net Assets	<u>87,996</u>	<u>50,201</u>	<u>138,197</u>
NET ASSETS - END OF YEAR	<u>\$ 1,395,173</u>	<u>\$ 321,346</u>	<u>\$ 1,716,519</u>

See accompanying Notes to Financial Statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Costs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Related Payroll Expenses	\$ 679,456	\$ 142,669	\$ 67,602	\$ 889,727
Employee Benefits	57,812	12,139	5,752	75,703
Professional Fees	43,888	37,750	757	82,395
Contributions	-	2,000	-	2,000
Occupancy Costs	72,787	9,099	9,099	90,985
Operating Supplies and Expenses	109,235	15,250	16,604	141,089
Insurance, Other	-	9,188	-	9,188
Travel Expenses	20,395	-	-	20,395
Training and Education Expenses	25,548	-	-	25,548
Dues	3,933	-	-	3,933
Depreciation	-	2,892	-	2,892
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 1,013,054</u>	<u>\$ 230,987</u>	<u>\$ 99,814</u>	<u>\$ 1,343,855</u>

See accompanying Notes to Financial Statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 138,197
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	2,892
(Increase) Decrease in:	
Accounts Receivable	74,081
Prepaid Expenses	293
Increase (Decrease) in:	
Accounts Payable	(45,651)
Accrued Expenses	(4,681)
Deferred Rent	(13,814)
Due to Affiliates	(10,281)
Net Cash Provided by Operating Activities	141,036

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the Issuance of Note Payable	105,000
Net Cash Provided by Financing Activities	105,000

NET INCREASE IN CASH AND CASH EQUIVALENTS

246,036

Cash and Cash Equivalents - Beginning of Year

1,487,989

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,734,025

See accompanying Notes to Financial Statements.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The National Alliance on Mental Illness of Massachusetts, Inc. (the Organization) is a Massachusetts corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code (IRC) as a public charity. The purpose of the Organization is to improve the quality of life both for people with mental illnesses and for their families. The Organization's activities are funded primarily through grants, contributions, and dues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Net Assets and Recognition of Donor Restrictions

Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Those resources over which the board of directors has discretionary control.

Net Assets With Donor Restrictions – Those resources subject to donor (or certain grantor) imposed restrictions that will be satisfied by actions of the Organization or passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time and/or the stipulated purpose for which the resource was restricted has been fulfilled.

Revenue Recognition

The Organization recognizes revenue from conditional cost reimbursement state grants based on certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions

Support that is without donor restrictions is recorded as revenue and net assets without donor restrictions upon receipt. Donor restricted contributions and pledges, that is donations with time or purpose restrictions, are recognized as revenue and net assets with donor restrictions when received or unconditionally pledged.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

Property and Equipment

Property and equipment is recorded at cost. Assets with an estimated life of more than one year and a historical cost in excess of \$1,000 are capitalized. Gifts of long-lived assets are reported as support without donor restrictions unless explicit donor stipulations specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expiration of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Depreciation is computed using the straight-line method over the estimated useful life of the assets.

The useful lives and cost of property and equipment for purposes of computing depreciation are as follows at June 30, 2020:

Leasehold Improvements Equipment	Life of the Lease 5 to 7 Years
-------------------------------------	-----------------------------------

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of functional expenses. Some expenses are allocated completely to the function. However, there are some expenses that serve multiple purposes and qualify as more than one function. Accordingly, certain costs have been allocated among the programs, fundraising, and supporting services provided as follows:

Salaries and related expenses are allocated based on time spent in each function (program, fundraising, and supporting services).

Occupancy, office expenses, computer costs, etc. are allocated based on estimated usage.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Method of Accounting

The financial statements of the Organization have been prepared on the accrual method of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred.

Donated Assets

Donated marketable securities and other noncash donations are recorded at their fair value on the date of donation. The intent is to sell within 30 days of when such donation is received.

Donated Services

Donated services are recognized in the financial statements if the services enhance or create nonfinancial assets, or if the services require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services for the year ended June 30, 2020.

Deferred Rent

Rent expense is recognized on a straight-line basis over the term of the lease (see Note 5).

Accounts Receivable

The Organization determines delinquent accounts based on individual facts and circumstances. Historically, the Organization has not charged interest on accounts that are deemed to be delinquent. Accounts receivable are recorded at net realizable value. Management considers all amounts to be fully collectible. Accordingly, no provision for uncollectible accounts has been established.

Promise to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are discounted if material to the financial statements. There are no pledges as of June 30, 2020.

Advertising

Advertising costs are expensed as incurred. Advertising costs charged to operations amounted to \$6,255 for the year ended June 30, 2020.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value of Financial Instruments

The Organization categorize its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Change in Accounting Principle

For the year ended June 30, 2020, the Organization adopted (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Organization's financial statements.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230) *Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the changed during the period of total cash, cash equivalents, and restricted cash or restricted cash equivalents.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Change in Accounting Principle (Continued)

Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

New Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the next fiscal year. Management continues to evaluate the impact of the adoption of this standard, but based on the latest industry guidance, management believes this standard will not have a material impact on the financial statements.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through April 15, 2021, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification of cash equivalents from investments to cash and cash and equivalents had no impact on previously reported net assets

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following at June 30, 2020:

Department of Mental Health Grant	\$ 102,583
Walk Contributions and Other Receivables	86,252
Beacon Health Strategies, LLC	45,000
Total Accounts Receivable	<u><u>\$ 233,835</u></u>

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 RELATED PARTY TRANSACTIONS

The Organization has entered into the following transactions with related parties:

National Affiliation

The Organization is a member of the National Alliance on Mental Illness, Inc. (NAMI – National). In addition, the Organization assists local affiliate chapters in their effort to support and advocate for the mentally ill. The relationship of the Organization with both NAMI – National and the local affiliates does not contain an element of control or represent a significant economic interest for the parties.

Dues

The Organization is required to pay dues to NAMI – National and also collects dues from the local affiliates. Dues paid to NAMI – National were approximately \$3,500 for the year ended June 30, 2020. Dues collected from local affiliates were approximately \$15,000 for the year ended June 30, 2020.

NAMI-Walk

In addition, the Organization, NAMI – National and the local affiliates participate in a shared fundraising event, the NAMI – Walk. Contributions from the walk are shared among the organizations based on a predetermined formula. The walk grossed a total of \$563,000, with \$101,000 being paid to NAMI – National and the local affiliates and the Organization retaining \$462,000. As of June 30, 2020, the Organization owes the local affiliates approximately \$85,000 for their share of funds from the walk and other various obligations, the amounts are included under the caption Due to Affiliates on the statement of financial position.

NOTE 4 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of the following:

Cash and Cash Equivalents

The Organization maintains its cash and cash equivalents in insured financial institutions in Massachusetts. Cash and cash equivalents exceeding insured limits at June 30, 2020 amounted to approximately \$1,455,695.

Accounts Receivable and Revenue

Unsecured accounts receivable amounted to \$233,835 as of June 30, 2020, of which 44% was due from the Commonwealth of Massachusetts' Department of Mental Health (DMH). The Organization received approximately 36% of its revenues from DMH during the year ended June 30, 2020.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 OPERATING LEASES

Leases – Copier

The Organization leased a photocopier under a non-cancelable operating lease agreement that expired on December 31, 2019. As of January 1, 2020, the photocopier lease was under an at-will arrangement, with monthly payments of \$359.

Leases – Postage Meter

The Organization leases a postage meter under a non-cancelable operating lease agreement which expires on October 1, 2020. Future minimum lease payments are \$375 for fiscal year 2021 and \$189 for fiscal year 2022.

Leases – Office

The Organization leases office space from Schrafft Center, LLC, under an operating lease agreement. The lease commenced on October 1, 2013 and expires on September 30, 2020, with one option to extend for an additional five years. The lease included four rent-free months and calls for annual minimum base rental payments, adjusted annually, and payable in monthly installments from \$6,043 to \$7,840 per month. In addition, contingent rentals will be paid by the Organization based on their percentage share of operating costs and real estate taxes. As of April 15, 2021, the Organization signed a one-year extension through September 30, 2021 with monthly payments of \$7,840.

The Organization also leases two storage spaces from the Schrafft Center, LLC, for payments of \$83 per month. The payments for these storage spaces are on a month-to-month basis.

Future minimum lease payments under the office lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 94,080
2022	23,520
Total	<u>\$ 117,600</u>

Related rent expense charged to operations for the above leases was approximately \$95,000, including contingent rentals of approximately \$8,000, for the year ended June 30, 2020.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 PENSION PLAN

The Organization sponsors a defined contribution plan (the Plan) covering all eligible employees over the age of 18. The Plan allows, but does not require, the Organization to make discretionary matching and profit sharing contributions. A discretionary profit sharing contribution of \$6,699 was approved and charged to operations in 2020. Pension administrative costs charged to operations of the Plan amounted to \$2,100 for the year ended June 30, 2020.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions totaling \$321,346 consist of contributions received from foundations and corporations restricted for specific activities and programs all related to the Organization's mission. Management expects to use the funds for the designated purposes in the near future.

NOTE 8 AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and accounts receivable.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. The amounts included in net assets with donor restrictions are expected to be used within one year of the statement of financial position date.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

As of June 30, 2020, the following table shows the total financial assets held by the Organization:

Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 1,734,025
Accounts Receivable	233,835
Financial Assets Available for Operations	<u>\$ 1,967,860</u>

All of the above financial assets could readily be made available within one year of the statements of financial position date to meet general expenditures.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 LOAN PAYABLE

In April of 2020, the Organization received a loan from a bank in the amount of \$105,000 to fund payroll, rent, utilities, and interest on existing debt through the Payroll Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

NOTE 10 UNCERTAINTIES AND RISKS

A significant portion of the Organization's revenues are derived from state contracts. Due to budgetary constraints at the state level, the Organization cannot determine whether there will be any changes in funding in the near term.

During March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, management believes the organization is taking appropriate actions to mitigate the impact of the pandemic on the Organization by changing programs to virtual formats; however, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of April 15, 2021.

