DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON

(A Texas Nonprofit Organization)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

GAINER | DONNELLY

DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON
(A Texas Nonprofit Organization)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Depression and Bipolar Support
Alliance Greater Houston
Houston, Texas

We have audited the accompanying financial statements of Depression and Bipolar Support Alliance Greater Houston (the "Organization"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets and cash flow 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Depression and Bipolar Support Alliance Greater Houston as of December 31, 2012 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Prior Year Basis of Accounting

The Organization kept its records and prepared its financial statements for previous years on the modified cash basis of accounting. As described in Note 3 to the financial statements, the Organization has adopted the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as of the beginning of the current year. Although appropriate adjustments have been made to net assets as of that date, it was not practicable to determine what adjustments would be necessary in the financial statements of the preceding year to retrospectively adjust results of operations to conform with the accounting principles used in the current year.

Gainer Donnelly LLP

July 30, 2013

DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON
(A Texas Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS:		
Cash and Cash Equivalents	$	951,583
Pledges Receivable		59,344
Prepaid Expenses		8,373
Total Current Assets		1,019,300
PROPERTY AND EQUIPMENT, NET		34,244
OTHER ASSET - DEPOSIT		6,075
TOTAL ASSETS	$	1,059,619

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts Payable and Accrued Expenses	$	12,170
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted		995,127
Temporarily Restricted		52,322
Total Net Assets		1,047,449
TOTAL LIABILITIES AND NET ASSETS	$	1,059,619

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

DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON
(A Texas Nonprofit Organization)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

UNRESTRICTED NET ASSETS:		
Revenue and Other Support:		
Contributions	$	777,671
Donated Professional Services		46,970
Speical Event (Net of Direct Benefit to Donors of $56,036)		284,324
Investment Income		2,185
Other Revenue		6,676
Total Unrestricted Revenue and Other Support		1,117,826
Net Assets Released from Restrictions:		
Satisfaction of Program Restrictions		20,753
Total Unrestricted Revenue, Other Support and Net Assets Released from Restrictions		1,138,579
Expenses:		
Program		653,975
Fundraising		164,454
General and Administrative		106,347
Total Expenses		924,776
INCREASE IN UNRESTRICTED NET ASSETS		213,803
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR, PREVIOUSLY REPORTED		782,775
PRIOR PERIOD ADJUSTMENTS		(1,451)
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR, AS RESTATED		781,324
UNRESTRICTED NET ASSETS AT END OF YEAR		995,127
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions		65,000
Net Assets Released from Restrictions		(20,753)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS		44,247
TEMPORARILY RESTRICTED NET ASSETS, BEGINNING OF YEAR		8,075
TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR		52,322
TOTAL UNRESTRICTED AND TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR	$	1,047,449

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

DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON
(A Texas Nonprofit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$	258,050
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		7,948
Change in Operating Assets and Liabilities:		
Pledges Receivable		(40,219)
Prepaid Expenses		(2,073)
Accounts Payable and Accrued Expenses		(14,706)
Net Cash Provided by Operating Activities		209,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment		(5,473)
NET INCREASE IN CASH AND CASH EQUIVALENTS		203,527
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		748,056
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	951,583

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

DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON
(A Texas Nonprofit Organization)
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Depression and Bipolar Support Alliance Greater Houston, a Texas nonprofit organization ("DBSA" or "Organization") was initiated in the state of Texas in October 2003 and obtained 501(c)(3) tax-exempt status.

DBSA sponsors free and confidential support groups for individuals living with depression and bipolar disorder, and family and friends who are helping them learn to manage their mental illnesses. DBSA support groups are led by trained, dedicated facilitators who provide comforting, compassionate environments in which peers accept and understand one another. This sense of community and empathy encourages them to live more meaningful and healthy lives. DBSA volunteer and professional facilitators are trained, managed and supported by licensed mental health professional DBSA staff members who also monitor the health of the groups to maintain a sustainable, high quality program. In addition to providing support groups, DBSA staff and board members work to educate the public about mood disorders, confront social stigma and advocate for the rights of people living with mental illness.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purpose by action of the Board.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. This classification includes contributions and unconditional promises to give for which the ultimate purpose of the proceeds is not permanently restricted.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. At December 31, 2012, the Organization had no permanently restricted net assets.

Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less at date of purchase to be cash equivalents.

Cash Concentration

At various times during the year, the Organization may have bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes any credit risk is low due to the overall financial strength of the financial institution.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pledges Receivable

The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made. Receivable amounts are expected to be collected in 2013.

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material.

Property and Equipment

Property and equipment are recorded at cost if purchased, or if donated, at the approximate fair value on the date of donation. The cost of property and equipment purchased in excess of $1,000 is capitalized. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred.

Contributions

The Organization records contributions and grants when they are received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Donated Assets and Services

Donated assets, including contributions of materials, furniture and equipment, are recorded as support at their fair market values at date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated professional services, including volunteer facilitators for support groups, are reflected in the financial statements as unrestricted support and program expense at the estimated fair value. In 2012, the Organization received $84,465 in donated professional services.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs. The value of the contributed time is not reflected in these statements because it does not require specialized skills or create or enhance a nonfinancial asset.

Concentration of Credit Risk

For the year ended December 31, 2012, approximately 84% of the Organization's pledges receivable were concentrated in one donor.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services directly benefited, or upon management's estimates of the proportion of these costs applicable to each function.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Federal Income Tax

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization was granted an individual ruling under the same section and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and, as such, qualifies as a charitable deduction for amounts contributed by individual donors.

The Organization accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2012, management believes there were no uncertain tax positions. The Organization's federal tax return remains open to examination for a period of three years following its filing with the taxing authority.

Fair Value Considerations

The Organization uses fair value to measure monetary and certain nonmonetary assets and liabilities. Fair value is defined as the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The Organization's financial instruments consist of cash and cash equivalents, receivables and payables. Management believes the carrying amounts of these financial instruments approximate their fair values.

Use of Estimates

The preparation of the 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, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Actual results could differ from those estimates that were used. Estimates that have the most impact on financial position and results of operations primarily relate to the collectability of pledges receivable, the useful lives of property and equipment and allocation of expense by function. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements

Subsequent Events

The Organization has evaluated subsequent events through the time the financial statements are available for issuance on July 30, 2013. No matters were identified affecting the accompanying financial statements and related disclosures.

NOTE 3 - CHANGE IN BASIS OF ACCOUNTING

In previous years, the Organization prepared its financial statements using the modified cash basis of accounting. In 2012, the Organization adopted the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the previous basis, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when obligations are incurred. As a result of the change in accounting basis from the modified cash basis to the accrual basis, net assets as of January 1, 2012 are $1,451 less than the amounts previously reported.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment and their estimated useful lives are summarized as follows:

	Lives (Years)		
Leasehold Improvements	5	$	13,608
Office Equipment	5		21,875
Furniture and Fixtures	7		16,317
			51,800
Less: Accumulated Depreciation			(17,556)
Net Property and Equipment		$	34,244

Depreciation expense for the year ended December 31, 2012 totaled $7,948.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2012, temporarily restricted net assets totaling $52,322 are available for future periods and high school support groups. During the year ended December 31, 2012, $20,753 was released from donor restrictions.

NOTE 6 - OPERATING LEASE

The Organization leases office space under an operating lease which expires in January 2017. The Organization also leases certain office equipment under a month-to-month lease. Rent expense related to these operating leases totaled $59,640 for the year ended December 31, 2012.

Future minimum lease payments remaining under the office space lease are as follows:

Year Ending December 31,		
2013	$	39,535
2014		40,726
2015		41,941
2016		43,178
2017		3,670
Total	$	169,050

NOTE 7 - RETIREMENT PLAN

The Organization offers a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) retirement plan to eligible employees. Employees may contribute to the plan up to the maximum amount allowed by law. The Organization matches an employee's contributions up to a limit of 3% of the employee's salary. All employer contributions vest immediately. Employer contributions for the year ended December 31, 2012 totaled $6,484.

SUPPLEMENTARY INFORMATION

DEPRESSION AND BIPOLAR SUPPORT ALLIANCE GREATER HOUSTON
(A Texas Nonprofit Organization)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program	Fundraising	General and Administrative	Total Expenses
Payroll and Benefits Expense	$ 285,572	$ 83,475	$ 70,295	$ 439,342
Program Activities	201,975	-	-	201,975
Contract Services	55,230	559	11,183	66,972
Design and Printing	10,532	90	350	10,972
Equipment Rental and Maintenance	3,641	218	425	4,284
Facilites	51,926	3,290	7,463	62,679
Fundraising	-	70,900	-	70,900
Insurance	6,826	611	382	7,819
Office Expenses	22,100	3,163	9,438	34,701
Other	647	252	3,268	4,167
Technology Expense	5,103	1,322	2,180	8,605
Travel and Meetings	3,750	149	513	4,412
Depreciation	6,673	425	850	7,948
Total	$ 653,975	$ 164,454	$ 106,347	$ 924,776

See Independent Auditor's Report.