

Depression and Bipolar Support Alliance Greater Houston

Financial Statements
and Supplementary Information

December 31, 2013 and 2012



LIMITED LIABILITY COMPANY

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Depression and Bipolar Support Alliance Greater Houston
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December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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, 2013, and the related statements of activities and changes in net assets 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 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, 2013, 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.

Prior Period Financial Statements

The financial statements of Depression and Bipolar Support Alliance Greater Houston as of December 31, 2012, were audited by other auditors whose report dated July 30, 2013, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our 2013 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2013 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. The 2012 schedule of functional expenses was subjected to the auditing procedures applied in the 2012 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2012 financial statements as a whole.

Carri Riggs & Ingram, L.L.C.

Houston, Texas
July 16, 2014

Depression And Bipolar Support Alliance Greater Houston

Statements of Financial Position

<i>December 31,</i>	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 679,991	\$ 951,583
Pledges receivable	49,445	59,344
Prepaid expenses	9,171	8,373
Total current assets	738,607	1,019,300
Investments	533,985	-
Property and equipment, net	26,020	34,244
Other asset - deposit	6,075	6,075
Total assets	\$ 1,304,687	\$ 1,059,619
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 32,718	\$ 12,170
Commitments and contingencies		
Net assets		
Unrestricted:		
Undesignated	711,977	995,127
Designated	500,000	-
Total unrestricted	1,211,977	995,127
Temporarily restricted	59,992	52,322
Total net assets	1,271,969	1,047,449
Total liabilities and net assets	\$ 1,304,687	\$ 1,059,619

The accompanying notes are an integral part of these financial statements

Depression And Bipolar Support Alliance Greater Houston

Statements of Activities and Changes in Net Assets

<i>For the years ended December 31,</i>	2013	2012
Unrestricted net assets		
Revenue and other support:		
Contributions	\$ 779,275	\$ 777,671
Donated professional services	40,565	46,970
Special event (net of direct benefit to donors of \$81,473 and \$56,036, for 2013 and 2012, respectively)	255,932	284,324
Investment income	36,303	2,185
Other revenue	4,418	6,676
Total unrestricted revenue and other support	1,116,493	1,117,826
Net assets released from restrictions		
Satisfaction of program restrictions	129,830	20,753
Total unrestricted revenue, other support and net assets released from restrictions	1,246,323	1,138,579
Expenses		
Program	761,751	653,975
Fundraising	156,269	164,454
General and administrative	111,453	106,347
Total expenses	1,029,473	924,776
Change in unrestricted net assets	216,850	213,803
Unrestricted net assets, beginning of year	995,127	781,324
Unrestricted net assets, end of year	1,211,977	995,127
Temporarily restricted net assets		
Contributions	137,500	65,000
Net assets released from restrictions	(129,830)	(20,753)
Change in temporarily restricted net assets	7,670	44,247
Temporarily restricted net assets, beginning of year	52,322	8,075
Temporarily restricted net assets, end of year	59,992	52,322
Total unrestricted and temporarily restricted net assets, end of year	\$ 1,271,969	\$ 1,047,449

The accompanying notes are an integral part of these financial statements

Depression And Bipolar Support Alliance Greater Houston

Statements Of Cash Flows

<i>For the years ended December 31,</i>	2013	2012
Operating activities		
Changes in net assets	\$ 224,520	258,050
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(30,240)	-
Depreciation	8,104	7,948
Changes in operating assets and liabilities:		
Pledges receivable	9,899	(40,219)
Prepaid expenses	(798)	(2,073)
Accounts payable and accrued expenses	20,548	(14,706)
Net cash provided by operating activities	232,033	209,000
Investing activities		
Purchase of investments	(500,000)	-
Reinvestment of dividend income	(3,625)	-
Purchases of property and equipment	-	(5,473)
Net cash used by investing activities	(503,625)	(5,473)
Net (decrease) increase in cash and cash equivalents	(271,592)	203,527
Cash and cash equivalents at beginning of year	951,583	748,056
Cash and cash equivalents at end of year	\$ 679,991	\$ 951,583

The accompanying notes are an integral part of these 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 provides free and confidential support groups for individuals living with, or family and friends affected by, depression and bipolar disorders. 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 mental 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, 2013 and 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 unless they are donor-restricted to endowments or are board-designated for long-term purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

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 institutions.

Cash equivalents, other securities, and limited amounts of cash held in a brokerage account are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection with a limit of \$250,000 for claims of uninvested cash balances.

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 within twelve months.

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.

Investments

Investments are stated at fair value. Investment income is recognized when earned. The change in unrealized gains and losses are included in the changes in net assets in the accompanying statements of activities and changes in net assets.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2013 and 2012, the Organization received \$45,935 and \$84,465, in donated professional services, respectively.

Many individuals volunteer their time and perform a variety of other 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.

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 an 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 fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Organization's remaining financial instruments (primarily cash and cash equivalents, receivables, and payables) are carried in the accompanying financial instruments at amounts which reasonably approximate fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2013, management believes there were no uncertain tax positions.

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 16, 2014. No matters were identified affecting the accompanying financial statements and related disclosures.

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three-tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity.

The value of assets measured at fair value on a recurring basis is as follows:

	Fair Value	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<i>December 31, 2013</i>				
Cash equivalents	\$ 52,592	\$ 52,592	\$ -	\$ -
Exchange Traded Funds	481,393	481,393	-	-
Total investments	\$ 533,985	\$ 533,985	\$ -	\$ -

The Organization utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Exchange Traded Funds have been classified based on the general characteristics of the investment focus and strategy.

Investments are exposed to various risks such as interest rate risks, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and statements of activities and changes in net assets.

Depression And Bipolar Support Alliance Greater Houston

Notes to the Financial Statements

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes the investment return in the statements of activities and changes in net assets:

<i>For the Year Ended December 31,</i>	2013	2012
Interest and dividend income	\$ 6,063	\$ 2,185
Unrealized gain on investments	30,240	-
Total investment income	\$ 36,303	\$ 2,185

NOTE 4 - PROPERTY AND EQUIPMENT

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

<i>December 31,</i>	<i>Lives (Years)</i>	2013	2012
Leasehold Improvements	5	13,608	\$ 13,608
Office equipment	5	21,755	21,875
Furniture and fixtures	7	16,317	16,317
		51,680	51,800
Less: accumulated depreciation		(25,660)	(17,556)
Net property and equipment		\$ 26,020	\$ 34,244

Depreciation expense for the years ended December 31, 2013 and 2012 totaled \$8,104 and \$7,948, respectively.

NOTE 5 – BOARD-DESIGNATED ENDOWMENT

During 2013, the Board of Directors designated \$500,000 of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Depression And Bipolar Support Alliance Greater Houston

Notes to the Financial Statements

NOTE 5 – BOARD-DESIGNATED ENDOWMENT (CONTINUED)

In conjunction with the establishment of the board-designated endowment, the Organization has adopted an investment policy that attempts to maximize total return consistent with an applicable level of risk. Endowment assets are invested to provide for long-term growth with a goal of 5% return net of investment management fees and inflation. Actual returns in any given year may vary from this amount. As of December 31, 2013, the Organization has not adopted a spending policy.

Composition of and changes in board-designated endowment net assets for the year ended December 31, 2013 were as follows:

Board-designated endowment net assets, January 1, 2013	\$	-
Additions		500,000
Investment income		3,745
Net appreciation		30,240
<hr/>		
Board-designated endowment net assets, December 31, 2013	\$	533,985

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2013 and 2012, temporarily restricted net assets totaling \$59,992 and \$52,322, respectively, are available for future periods and specific support groups. During the years ended December 31, 2013 and 2012, \$129,830 and \$20,753, respectively, were released from donor restrictions.

NOTE 7 - OPERATING LEASES

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 \$71,564 and \$59,640 for the years ended December 31, 2013 and 2012, respectively.

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

<i>Year Ending December 31,</i>		
2014	\$	40,726
2015		41,941
2016		43,178
2017		3,670
<hr/>		
Total	\$	129,515

NOTE 8 - 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 that is equivalent to 3% of the employee's salary. All employer contributions vest immediately. Employer contributions for the years ended December 31, 2013 and 2012 totaled \$12,674 and \$6,484, respectively.

Supplementary Information

Depression and Bipolar Support Alliance Greater Houston

Schedule of Functional Expense

<i>For the year ended December 31, 2013</i>	Program	Fundraising	General and Administrative	Total Expenses
Payroll and benefits expense	\$ 392,457	\$ 90,116	\$ 86,812	\$ 569,385
Program activities	234,897	-	-	234,897
Contract services	14,349	1,343	1,638	17,330
Equipment rental and maintenance	5,289	324	1,673	7,286
Facilities	62,752	4,216	8,464	75,432
Fundraising	63	51,588	-	51,651
Insurance	6,493	464	1,117	8,074
Office expenses	24,867	3,236	6,941	35,044
Other	1,139	3,538	260	4,937
Technology expense	4,619	981	3,014	8,614
Travel and meetings	7,938	58	723	8,719
Depreciation	6,888	405	811	8,104
Total	\$ 761,751	\$ 156,269	\$ 111,453	\$ 1,029,473

See Independent Auditor's Report.

Depression and Bipolar Support Alliance Greater Houston

Schedule of Functional Expense

<i>For the year ended December 31, 2012</i>	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
Facilities	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.