

NAMI
Southwestern Pennsylvania

Financial Statements

Years Ended June 30, 2015 and 2014
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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NAMI SOUTHWESTERN PENNSYLVANIA

YEARS ENDED JUNE 30, 2015 AND 2014

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statements of Activities:	
- Year Ended June 30, 2015	2
- Year Ended June 30, 2014	3
Statements of Functional Expenses:	
- Year Ended June 30, 2015	4
- Year Ended June 30, 2014	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

Board of Directors
NAMI Southwestern Pennsylvania

We have audited the accompanying financial statements of NAMI Southwestern Pennsylvania (NAMI), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maher Duessel

Pittsburgh, Pennsylvania
February 1, 2015

NAMI SOUTHWESTERN PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 347,529	\$ 325,090
Accounts receivable - Allegheny County	75,246	81,258
Accounts receivable - other	63,253	49,888
Prepaid expenses	44,082	54,509
Total Assets	<u>\$ 530,110</u>	<u>\$ 510,745</u>
Liabilities and Net Assets		
Liabilities:		
Accrued liabilities	\$ 11,540	\$ 11,202
Deferred revenue	18,053	26,310
Total Liabilities	<u>29,593</u>	<u>37,512</u>
Net Assets:		
Unrestricted	470,149	463,155
Temporarily restricted	30,368	10,078
Total Net Assets	<u>500,517</u>	<u>473,233</u>
Total Liabilities and Net Assets	<u>\$ 530,110</u>	<u>\$ 510,745</u>

See accompanying notes to financial statements.

NAMI SOUTHWESTERN PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Allegheny County contract revenue	\$ 746,625	\$ -	\$ 746,625
Other program revenue	113,700	-	113,700
Contributions, grants, and dues	508,703	65,500	574,203
Interest	1,204	-	1,204
Other income	540	-	540
	<u>1,370,772</u>	<u>65,500</u>	<u>1,436,272</u>
Net Assets Released From Restrictions	<u>45,210</u>	<u>(45,210)</u>	<u>-</u>
Expenses:			
Program	1,069,115	-	1,069,115
Management and general	231,886	-	231,886
Fundraising	107,987	-	107,987
	<u>1,408,988</u>	<u>-</u>	<u>1,408,988</u>
Change in Net Assets	6,994	20,290	27,284
Net Assets:			
Beginning of year	<u>463,155</u>	<u>10,078</u>	<u>473,233</u>
End of year	<u>\$ 470,149</u>	<u>\$ 30,368</u>	<u>\$ 500,517</u>

See accompanying notes to financial statements.

NAMI SOUTHWESTERN PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Allegheny County contract revenue	\$ 724,016	\$ -	\$ 724,016
Other program revenue	113,700	-	113,700
Contributions, grants, and dues	448,519	-	448,519
Interest	1,077	-	1,077
Other income	-	-	-
Total revenue and other support	1,287,312	-	1,287,312
Net Assets Released From Restrictions	21,922	(21,922)	-
Expenses:			
Program	919,360	-	919,360
Management and general	222,536	-	222,536
Fundraising	144,532	-	144,532
Total expenses	1,286,428	-	1,286,428
Change in Net Assets	22,806	(21,922)	884
Net Assets:			
Beginning of year (see Note 6)	440,349	32,000	472,349
End of year	\$ 463,155	\$ 10,078	\$ 473,233

See accompanying notes to financial statements.

NAMI SOUTHWESTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Program	Management and General	Fundraising	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Salaries and wages	\$ 550,999	\$ 127,789	\$ 36,183	\$ 714,971
Payroll taxes	42,583	9,776	2,337	54,696
Employee benefits	161,532	37,310	9,904	208,746
Occupancy	73,165	8,750	2,105	84,020
Insurance	6,187	715	172	7,074
Telephone	14,311	1,424	343	16,078
Office supplies	24,648	2,542	1,081	28,271
Postage	3,324	426	1,918	5,668
Printing and publications	25,040	2,057	3,840	30,937
Travel	25,226	2,529	1,020	28,775
Conferences and events	40,738	-	15,410	56,148
Education programs	18,332	-	125	18,457
Support to affiliate groups	303	-	11,777	12,080
Professional services	37,549	36,012	17,237	90,798
Professional memberships	-	2,444	-	2,444
WRCSP pass-through funding	45,178	-	-	45,178
Other	-	112	4,535	4,647
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,069,115</u>	<u>\$ 231,886</u>	<u>\$ 107,987</u>	<u>\$ 1,408,988</u>

See accompanying notes to financial statements.

NAMI SOUTHWESTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

	Program Totals	Management and General	Fundraising	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Salaries and wages	\$ 451,241	\$ 131,354	\$ 51,823	\$ 634,418
Payroll taxes	34,520	10,128	3,885	48,533
Employee benefits	136,597	37,064	18,387	192,048
Occupancy	85,303	14,527	5,731	105,561
Insurance	1,587	4,238	-	5,825
Telephone	11,607	1,395	550	13,552
Office supplies	34,372	1,053	680	36,105
Postage	3,190	313	1,682	5,185
Printing and publications	24,522	1,941	3,227	29,690
Travel	17,645	375	1,242	19,262
Conferences and events	33,959	-	19,325	53,284
Education programs	10,479	-	-	10,479
Support to affiliate groups	300	-	17,421	17,721
Professional services	28,860	17,658	16,548	63,066
Professional memberships	-	2,420	-	2,420
WRCSP pass-through funding	45,178	-	-	45,178
Other	-	70	4,031	4,101
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 919,360</u>	<u>\$ 222,536</u>	<u>\$ 144,532</u>	<u>\$ 1,286,428</u>

See accompanying notes to financial statements.

NAMI SOUTHWESTERN PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 27,284	\$ 884
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in:		
Receivable from primary funding agencies	6,012	(34,909)
Receivable from other funding sources	(13,365)	213
Prepaid expenses	10,427	2,946
Accounts payable	-	(18,499)
Accrued liabilities	338	5,904
Deferred revenue	(8,257)	19,060
Total adjustments	<u>(4,845)</u>	<u>(25,285)</u>
Net cash provided by (used in) operating activities	<u>22,439</u>	<u>(24,401)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	22,439	(24,401)
Cash and Cash Equivalents:		
Beginning of year	<u>325,090</u>	<u>349,491</u>
End of year	<u>\$ 347,529</u>	<u>\$ 325,090</u>

See accompanying notes to financial statements.

NAMI SOUTHWESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION AND NATURE OF ACTIVITIES

NAMI Southwestern Pennsylvania (NAMI) is a non-profit organization that provides support, advocacy, and education regarding issues related to individuals with serious mental illness and their families. NAMI publishes and distributes a newsletter, *The Voice*. It assists in the forming of family support groups and provides technical assistance after family support groups are established. It also responds to questions and problems, which arise with mentally ill individuals and their families, and also provides referrals and information concerning mental illness. The Consumer Action and Response Team, a consumer and family satisfaction program, is also a program operated by NAMI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Basis of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets – Unrestricted net assets are the net assets that are neither permanently nor temporarily restricted by donor or grantor-imposed stipulations. Unrestricted net assets designated by the governing board are unrestricted funds set aside by actions of the Board of Directors for other specific purposes.

NAMI SOUTHWESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

Temporarily Restricted Net Assets – Net assets that result from contributions or other inflows of assets limited by donor stipulations that either expire by the passage of time or can be fulfilled and removed by actions of NAMI pursuant to those stipulations. When the restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statements of activities as changes in net assets released from restrictions. NAMI records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support. At June 30, 2015 and 2014, NAMI had \$30,368 and \$10,078 of temporarily restricted net assets, respectively.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that must be maintained permanently by NAMI. Generally, the donors of these assets permit the use of all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. At June 30, 2015 and 2014, NAMI had no permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

NAMI has been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, NAMI qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Further, NAMI annually files a Form 990. No provision for income tax is recorded in these financial statements.

NAMI SOUTHWESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

Fixed Assets

Fixed assets purchased with funds received from a government agency remain the property of the government agency. Accordingly, the purchase of fixed assets with government funds is recognized as an expense. NAMI did not purchase or remove any fixed assets during the years ended June 30, 2015 and 2014.

Functional Allocation of Expenses

NAMI charges expenses that are directly identifiable to program, management and general, and fundraising. Expenses related to more than one function are allocated to programs and supporting services on the basis of estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other functional classification, but provide overall support and direction for NAMI.

Concentrations

NAMI receives a substantial amount of its revenue from various government contracts, mainly from Allegheny County (60% in 2015 and 65% in 2014). A significant reduction in the level of this support, if this were to occur, could negatively affect the programs and activities of NAMI.

Compensated Absences

Full-time employees are able to carry over five days of unused vacation from the previous year. Sick time is carried over from year to year and there is no limit on how many days an employee can accrue. Unused sick days are not compensated. The liability associated with employees carrying over unused vacation days at June 30, 2015 and 2014 is minimal and has not been reflected on these financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. CASH AND CASH EQUIVALENTS

NAMI maintains its cash balances in several local financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per corporation. The carrying amount of NAMI's deposits was

NAMI SOUTHWESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

\$347,529 and \$325,090 at June 30, 2015 and 2014, respectively, and the bank balance was \$361,333 and \$354,203 at June 30, 2015 and 2014, respectively. The entire bank balance was insured by the FDIC at year-end.

4. LINE OF CREDIT

NAMI has a \$225,000 line of credit with a bank, of which \$0 was outstanding at June 30, 2015 and 2014. Interest is payable monthly and fluctuates based on the prime rate of the bank plus 0.250%. For the years ended June 30, 2015 and 2014, NAMI had \$0 in interest expense, as no amounts have been drawn down. The line of credit is secured by the debtor's collateral and is fully due and payable on demand.

5. ACCOUNTS RECEIVABLE - OTHER

Accounts receivable - other at June 30, 2015 are as follows:

Staunton Farm Grants	\$	33,000
Armstrong/Indiana		10,885
Beaver County		10,000
The Forbes Fund Grant		8,368
Other miscellaneous sources		1,000
		<hr/>
Total receivables	\$	<u>63,253</u>

Accounts receivable - other at June 30, 2014 are as follows:

Staunton Farm Grant	\$	20,000
Armstrong/Indiana		11,065
Beaver County		10,000
The Forbes Fund Grant		6,500
Mercy Behavioral Health		1,500
Other miscellaneous sources		823
		<hr/>
Total receivables	\$	<u>49,888</u>

NAMI SOUTHWESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Staunton Strategic Alliance	\$ 25,000	\$ -
Forbes Funds Due Diligence	5,368	-
Staunton Family-to-Family	-	10,078
Total	<u>\$ 30,368</u>	<u>\$ 10,078</u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets of \$45,210 and \$21,922 were released from donor restrictions by the use of the resources for their intended purpose during the fiscal years ended June 30, 2015 and 2014, respectively.

8. LEASES

Future minimum annual rental payments applicable to operating leases, primarily for real property, which have a remaining term of more than one year at June 30, 2015, are as follows:

2015-2016	\$ 102,268
2016-2017	17,892
2017-2018	17,892
2018-2019	14,910
	<u>\$ 152,962</u>

Rent expense, which was \$84,375 for the years ended June 30, 2015 and 2014, is allocated (either directly or indirectly) to program activity, management and general, and fundraising.

9. COMMITMENTS

NAMI's financial and program records are subject to examination by appropriate government authorities in accordance with terms of the various grant awards and contracts. The government authorities are authorized to review actual expenditures and

NAMI SOUTHWESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

to make necessary adjustments in subsequent reimbursements or request refunds of grant amounts, if warranted. Management believes that NAMI's records and financial statements comply with the terms of the grants and awards.

10. DEFERRED REVENUE

Deferred revenue at June 30, 2015 and 2014 consisted of the following:

	2015	2014
CCBH	\$ 13,553	\$ 16,360
Annual Walk	4,500	9,950
Total	<u>\$ 18,053</u>	<u>\$ 26,310</u>

11. NAMI ANNUAL WALK

A significant fundraiser for NAMI is the Annual Walk. The purpose of the Walk is to a) raise funds for NAMI's mission of recovery focused support, education, and advocacy for individuals and families affected by mental illness; b) increase awareness of mental illness by reaching hundreds of thousands of people through Walk promotions and the news media; and c) eliminate stigma by giving people a positive reason to talk openly about mental illness as they put together Walk teams, create walker web pages, and reach out to family, friends, neighbors, and co-workers.

As of June 30, 2015 and 2014, NAMI reported \$176,706 and \$166,044 in revenue and \$15,410 and \$19,325 in direct expenses, for a net profit of \$161,296 and \$146,719, respectively. Direct expenses include use of facilities, food/refreshments, entertainment, and walker incentive prizes.

12. 401(k) PLAN

NAMI has a 401(k) Profit Sharing Plan (Plan). All employees are eligible to participate in the plan. An employee becomes eligible to participate in the plan on the first day of January or July coinciding with or next following the date the Plan's eligibility requirements have been satisfied. Eligibility requirements include an employee who attains the age of 21 and one year of eligible service (1,000 hours of service within a 12 month period beginning first day of employment).

NAMI SOUTHWESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

Eligible employees may elect to defer up to 100% of their compensation on a pre-tax basis, or up to the maximum allowable with other limiting provisions of the Internal Revenue Code. Employer contributions for the years ended June 30, 2015 and 2014 were \$43,934 and \$41,441, respectively, and were approximately 7% of covered payroll for both years.