

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
DECEMBER 31, 2014

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LUBY & THOMSON, PLLC

C e r t i f i e d P u b l i c A c c o u n t a n t s

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NAMI Greater Seattle
Seattle, Washington

We have audited the accompanying financial statements of NAMI Greater Seattle (a non-profit organization), which comprise the statements of financial position as of December 31, 2014 and the related statements of activities and net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI Greater Seattle as of December 31, 2014 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.



Luby & Thomson, PLLC
Certified Public Accountant
Seattle, Washington
April 15, 2015

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

	<u>ASSETS</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Current Assets				
Cash & Cash Equivalents	\$ 164,077	\$ -	\$ 50,000	\$ 214,077
Accounts Receivable	2,734	-	-	2,734
Prepaid Expenses	3,482	-	-	3,482
Total Current Assets	<u>170,293</u>	<u>-</u>	<u>50,000</u>	<u>220,293</u>
Property and Equipment				
Furniture and Equipment	57,560	-	-	57,560
Headquarters Building and Land	519,626	-	-	519,626
Hofmann Mens Building and Land	283,950	-	-	283,950
Hofmann Womens Building and Land	290,512	-	-	290,512
Less Accumulated Depreciation	(424,782)	-	-	(424,782)
Total Property and Equipment	<u>726,866</u>	<u>-</u>	<u>-</u>	<u>726,866</u>
TOTAL ASSETS	<u>\$ 897,159</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 947,159</u>
 <u>LIABILITIES AND NET ASSETS</u> 				
Current Liabilities				
Deferred Revenue	\$ 10,999	\$ -	\$ -	\$ 10,999
Accrued Expenses	4,420	-	-	4,420
Total Current Liabilities	<u>15,419</u>	<u>-</u>	<u>-</u>	<u>15,419</u>
Net Assets				
Unrestricted				
Undesignated	779,458	-	-	779,458
Board Designated	102,282	-	-	102,282
Total Unrestricted	<u>881,740</u>	<u>-</u>	<u>-</u>	<u>881,740</u>
Temporarily Restricted	-	-	-	-
Permanently Restricted	-	-	50,000	50,000
Total Net Assets	<u>881,740</u>	<u>-</u>	<u>50,000</u>	<u>931,740</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 897,159</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 947,159</u>

See accountant's audit report and notes to financial statements.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Public Support:				
Fees and Grants	\$ 28,432	\$ -	\$ -	\$ 28,432
Contributions	68,905	-	-	68,905
United Way	2,465	-	-	2,465
Donated Services and Facilities	59,373	-	-	59,373
	<u>159,175</u>	<u>-</u>	<u>-</u>	<u>159,175</u>
Revenue:				
Membership Dues	7,306	-	-	7,306
Sales of Publications & Merchandise	3,605	-	-	3,605
Rent	23,900	-	-	23,900
Special Events/Conferences	55,308	-	-	55,308
Interest Income	121	-	-	121
	<u>90,240</u>	<u>-</u>	<u>-</u>	<u>90,240</u>
Expenses:				
Direct Client Services	133,988	-	-	133,988
Community & Individual Education	91,913	-	-	91,913
Systems Advocacy	57,190	-	-	57,190
Management & General	41,333	-	-	41,333
	<u>324,424</u>	<u>-</u>	<u>-</u>	<u>324,424</u>
Excess of Revenue and Support over Expenses or (Expenses over Revenue and Support)	(75,009)	-	-	(75,009)
Net Assets, beginning of year	<u>956,749</u>	<u>-</u>	<u>50,000</u>	<u>1,006,749</u>
Net Assets, end of year	<u>\$ 881,740</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 931,740</u>

See accountant's audit report and notes to financial statements.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Direct Client Services	Community & Individual Education	Systems Advocacy	Management & General	Total Expenses
Salaries and Wages	\$ 33,937	\$ 33,938	\$ 29,234	\$ 21,346	\$ 118,455
Payroll Taxes	3,770	3,905	3,366	2,423	13,464
Total Salaries & Expenses	<u>37,707</u>	<u>37,843</u>	<u>32,600</u>	<u>23,769</u>	<u>131,919</u>
Accounting Fees	1,106	854	854	2,211	5,025
Professional Fees	5,161	-	5,160	-	10,321
Office Support - Temp. Worker	1,733	1,733	3,465	1,733	8,664
Professional Fee (In Kind)	12,471	17,148	4,677	4,677	38,973
Donated Facilities	13,668	6,732	-	-	20,400
Business License/Filing Fees	-	-	-	80	80
Office Expenses & Supplies	768	792	384	456	2,400
Office- Utilities	1,371	1,414	686	815	4,286
Computer/Network Update	156	169	182	143	650
Telephone	3,467	462	462	232	4,623
Postage & Shipping	180	1,348	180	89	1,797
Hof. House (Men)- Insurance	1,327	-	-	-	1,327
Hof. House (Men)- Utilities	5,931	-	-	-	5,931
Hof. House (Men) - Property Taxes	242	-	-	-	242
Hof. House (Men) - Tel. & Cable	387	-	-	-	387
Hof. House (Men)- Misc. / Upgrades	1,146	-	-	-	1,146
Hof. House (Women)- Insurance	1,452	-	-	-	1,452
Hof. House (Women)-Utilities	3,440	-	-	-	3,440
Hof. House (Women)- Property Taxes	242	-	-	-	242
Hof. House (Women)- Misc.	59	-	-	-	59
Hof. House (Women) - Tel. & Cable	622	-	-	-	622
Fundraising/Development	35	36	35	36	142
Insurance	3,335	945	556	722	5,558
Occupancy (Bldg. Maint.)	1,118	1,188	559	630	3,495
Bank Expenses	205	205	112	98	620
Copier Maintenance	1,744	3,837	1,047	349	6,977
Advertising	-	-	-	139	139
Travel & Parking	40	79	634	39	792
Board Expense	-	-	-	1,338	1,338
Connections	13	13	12	-	38
Scholarships	19,896	-	-	-	19,896
CIT Peer Expense	1,980	-	-	-	1,980
Special Events	-	2,632	-	-	2,632
Business Meals	-	-	-	150	150
Volunteer Expenses	91	90	-	-	181
Staff Training & Conferences	788	827	1,654	671	3,940
Dues, Books, Brochures	-	-	192	-	192
Property Taxes	60	62	30	36	188
"In Our Own Voice"	-	1,911	-	-	1,911
"Family to Family"	-	252	-	-	252
"Educating the Next Generation"	-	12	-	-	12
Support Groups	-	67	-	-	67
Payment to NAMI WA & National	1,054	1,054	1,092	565	3,765
	<u>122,995</u>	<u>81,705</u>	<u>54,573</u>	<u>38,978</u>	<u>298,251</u>
Depreciation	10,993	10,208	2,617	2,355	26,173
Total Expenses	<u>\$ 133,988</u>	<u>\$ 91,913</u>	<u>\$ 57,190</u>	<u>\$ 41,333</u>	<u>\$ 324,424</u>

See accountant's audit report and notes to financial statements.

NAMI GREATER SEATTLE
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Change in net assets	\$ (75,009)
Add (deduct) operating items not affecting cash:	
Depreciation expense	26,173
(Increase) decrease in accounts receivable	(930)
(Increase) decrease in prepaid expenses	(194)
Increase (decrease) in accounts payable	10,759
Increase (decrease) in accrued expenses	<u>(2,285)</u>
Net cash provided by operating activities	<u>(41,486)</u>
Net increase (decrease) in cash	(41,486)
Cash, at beginning of year	<u>255,563</u>
Cash, at end of year	<u><u>\$ 214,077</u></u>

SUPPLEMENTAL DISCLOSURE

Cash paid for:

Interest	\$ -
Income taxes	\$ -

See accountant's audit report and notes to financial statements.

NAMI GREATER SEATTLE
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. NATURE OF THE ORGANIZATION:

NAMI Greater Seattle (formerly National Alliance for the Mentally Ill and Washington Advocates for the Mentally Ill) is a non-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal income taxes.

According to the Articles of Incorporation, the purpose of the organization is to “serve as advocates of the chronically mentally ill, or severely psychiatrically disabled, regardless of age, sex, ethnic group, socioeconomic class, or marital status.”

Revenue is primarily derived from grants, public and private contributions, special events, rental income and funds received from King County and Washington State.

The Board of Directors and management of the organization acknowledge that, to the best of their ability, all assets received have been used in the manner for which they were contributed, or have been accumulated to allow management to conduct the operations of the organization as effectively and efficiently as possible.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, Audits of Certain Non-profit Organizations. The significant accounting policies followed are described below.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from the estimated amounts.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash in depository institution accounts which, at times, may exceed federally insured limits. As of December 31, 2014 this amount was not exceeded.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Basis of Presentation

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

Unrestricted Net Assets

Net assets which are not subject to donor-imposed stipulations and are available for current programs and administration.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on marketable securities and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets to release them from restriction.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures and equipment) are reported as temporarily restricted. When the long-lived assets are acquired, the Organization reflects the expiration of the donor-imposed restriction as a reclassification included in the net assets released from restrictions.

NAMI GREATER SEATTLE
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Donated Services and Materials

Certain professional services, such as computer consulting services and professional speakers and instructors, have been recorded at an estimated value of \$38,973. There are, in addition, numerous volunteer hours for non-skilled services, which have not been reflected in the financial statement per professional standards.

Churches and organizations have also made their facilities available for no charge for meetings and presentation. These donated facilities have been valued at \$20,400.

Furniture and Equipment

Furniture and equipment items are recorded at cost and depreciated on a straight-line basis over three to seven years.

Building and Land

A building and land were purchased December 18, 1989. The building is being used as the permanent office and headquarters for the Organization. It is being depreciated on a straight-line basis over 27-1/2 years.

On December 3, 1997, the Organization purchased a building and land to provide independent living for mentally ill clients. The building was remodeled and divided into six living units, which are being rented to tenants. The building, known as the Hofmann House, is being depreciated on a straight-line basis over 27-1/2 years.

On July 21, 2006, the Organization purchased a building and land to provide independent living for mentally ill female clients. The building was remodeled and divided into five living units, which are being rented to tenants. The building is being depreciated on a straight-line basis over 27-1/2 years.

NAMI GREATER SEATTLE
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3. OPERATING LEASES:

The Organization leased office equipment through an operating lease at monthly minimum lease payments of \$427 including sales tax. A new lease obligation was signed April 22, 2014 and has a term of 60 months. The new monthly minimum lease payments are \$432 including sales tax.

Future minimum annual lease payments under this lease are as follows:

For the year ending December 31,

2015	5,187
2016	5,188
2017	5,187
2018	5,188
2019	1,729
thereafter	<u>-</u>
	<u>\$ 22,479</u>

NOTE 4. BOARD DESIGNATED FUNDS:

The Board of Directors has designated that funds be set aside in an operating reserve account for future possible needs. The funds set aside for this operating reserve at December 31, 2014 were \$102,282. These funds are considered unrestricted, but Board designated.

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2014, there were no temporarily restricted net assets.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 6. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2014, consist of an endowment fund in the amount of \$50,000.

Income and proceeds from the endowment fund are used solely for advocacy on behalf of individuals with major mental illness and their families.

NOTE 7. UNITED WAY CONTRIBUTIONS:

NAMI receives United Way contributions through donor designations. During 2014 NAMI received \$2,465 from donor designations.

NOTE 8. INCOME TAXES:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for federal income taxes has been made in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization has determined there are no uncertain tax positions for the year ended December 31, 2014 and the accompanying financial statements contain no interest or penalties with respect to federal income taxes. The Organization's federal income tax returns remain open for examination to the extent prescribed by the Internal Revenue Code.

NOTE 9. SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through the date these financial statements were available to be issued on April 15, 2015.