

NAMI GREATER SEATTLE  
(A NON-PROFIT ORGANIZATION)

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FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**TABLE OF CONTENTS**

	<u>Pages</u>
ACCOUNTANTS' AUDIT REPORT .....	1
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	2
Statement of Activities and Net Assets .....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements .....	6-10



# 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 AUDITORS' REPORT

To the Board of Directors  
NAMI Greater Seattle  
Seattle, Washington

We have audited the accompanying statement of financial position of NAMI Greater Seattle as of December 31, 2010, and the related statements of activities and net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Luby & Thomson, PLLC  
Certified Public Accountants

May 8, 2011

NAMI GREATER SEATTLE  
(A NON-PROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2010

<u>ASSETS</u>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
<b>Current Assets</b>				
Cash & Cash Equivalents	\$ 200,734	\$ 4,095	\$ 50,000	\$ 254,829
Accounts Receivable	7,966	-	-	7,966
Prepaid Expenses	2,835	-	-	2,835
Total Current Assets	<u>211,535</u>	<u>4,095</u>	<u>50,000</u>	<u>265,630</u>
<b>Property and Equipment</b>				
Furniture and Equipment	57,560	-	-	57,560
Headquarters Building and Land	180,327	-	-	180,327
Hofmann Mens Building and Land	402,349	-	-	402,349
Hofmann Womens Building and Land	511,412	-	-	511,412
Undeveloped Land	25,850	-	-	25,850
Less Accumulated Depreciation	(320,086)	-	-	(320,086)
Total Property and Equipment	<u>857,412</u>	<u>-</u>	<u>-</u>	<u>857,412</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,068,947</u>	<u>\$ 4,095</u>	<u>\$ 50,000</u>	<u>\$ 1,123,042</u>
<u>LIABILITIES AND NET ASSETS</u>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 9,710	\$ -	\$ -	\$ 9,710
Accrued Expenses	1,978	-	-	1,978
Total Current Liabilities	<u>11,688</u>	<u>-</u>	<u>-</u>	<u>11,688</u>
<b>Net Assets</b>				
Unrestricted	1,057,259	-	-	1,057,259
Temporarily Restricted	-	4,095	-	4,095
Permanently Restricted	-	-	50,000	50,000
Total Net Assets	<u>1,057,259</u>	<u>4,095</u>	<u>50,000</u>	<u>1,111,354</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,068,947</u>	<u>\$ 4,095</u>	<u>\$ 50,000</u>	<u>\$ 1,123,042</u>

See accountants' 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, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds
Public Support:				
Fees and Grants	\$ 77,157	\$ -	\$ -	\$ 77,157
Contributions	60,222	7,285	-	67,507
United Way	4,648	-	-	4,648
Donated Services and Facilities	70,798	-	-	70,798
	212,825	7,285	-	220,110
Revenue:				
Membership Dues	11,332	-	-	11,332
Sales of Publications & Merchandise	4,668	-	-	4,668
Rent	28,295	-	-	28,295
Special Events/Conferences	34,396	-	-	34,396
Interest Income	44	-	-	44
	78,735	-	-	78,735
Expenses:				
Direct Client Services	108,372	-	-	108,372
Community & Individual Education	65,864	-	-	65,864
Systems Advocacy	34,510	-	-	34,510
Management & General	30,675	-	-	30,675
	239,421	-	-	239,421
Excess of Revenue and Support over Expenses or (Expenses over Revenue and Support)	52,139	7,285	-	59,424
Net Assets, beginning of year	996,965	4,965	50,000	1,051,930
Unrestricted Net Assets Transferred to (from) Temporarily Restricted Net Assets	8,155	(8,155)	-	-
Net Assets, end of year	\$ 1,057,259	\$ 4,095	\$ 50,000	\$ 1,111,354

See accountants' audit report and notes to financial statements.

NAMI GREATER SEATTLE  
(A NON-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Direct Client Services	Community & Individual Education	Systems Advocacy	Management & General	Total Expenses
Salaries and Wages	\$ 13,243	\$ 14,346	\$ 15,450	\$ 12,141	\$ 55,180
Payroll Taxes	1,233	1,336	1,438	1,130	5,137
Total Salaries & Expenses	14,476	15,682	16,888	13,271	60,317
Professional Fees	1,236	955	955	2,474	5,620
Professional Fee (In Kind)	18,349	25,230	6,881	6,880	57,340
Donated Facilities	9,017	4,441	-	-	13,458
Business License/Filing Fees	-	-	-	110	110
Office Expenses & Supplies	959	989	479	568	2,995
Office- Utilities	1,232	1,270	616	731	3,849
Computer/Network Update	14	15	17	13	59
Telephone	2,856	381	381	190	3,808
Postage & Shipping	197	1,474	197	97	1,965
Hof. House (Men)- Insurance	1,067	-	-	-	1,067
Hof. House (Men)- Utilities	4,228	-	-	-	4,228
Hof. House (Men) - Property Taxes	165	-	-	-	165
Hof. House (Men) - Tel. & Cable	323	-	-	-	323
Hof. House (Men)- Misc. / Upgrades	507	-	-	-	507
Hof. House (Women)- Insurance	1,157	-	-	-	1,157
Hof. House (Women)-Utilities	4,427	-	-	-	4,427
Hof. House (Women)- Property Taxes	165	-	-	-	165
Hof. House (Women)- Misc.	229	-	-	-	229
Hof. House (Women) - Tel. & Cable	985	-	-	-	985
Fundraising	768	-	-	-	768
Insurance	2,872	814	479	621	4,786
Occupancy (Bldg. Maint.)	924	982	462	520	2,888
Bank Expenses	363	363	198	177	1,101
Copier Maintenance	2,345	5,160	1,407	469	9,381
Advertising	-	110	-	-	110
NAMI Walk	3	3	3	2	11
Travel & Parking	4	7	58	3	72
Board Expense	-	-	-	49	49
Conference by NAMI GS	-	(20)	-	-	(20)
Connections	123	123	117	-	363
Scholarships	16,445	-	-	-	16,445
Hospitality	2	-	-	-	2
Special Events	-	1,537	-	-	1,537
Business Meals	-	-	-	21	21
Volunteer Expenses	132	131	-	-	263
Staff Training & Conferences	167	176	352	142	837
Donations by NAMI G.S.	-	-	155	-	155
Property Taxes	37	39	19	22	117
Property Taxes - Olympia Property	-	-	-	323	323
"In Our Own Voice"	-	2,432	-	-	2,432
"Family to Family"	-	697	-	-	697
"Educating the Next Generation"	-	3	-	-	3
"Peer to Peer"	-	1,162	-	-	1,162
Payment to NAMI WA & National	1,708	1,708	1,769	915	6,100
	87,482	65,864	31,433	27,598	212,377
Depreciation	20,890	-	3,077	3,077	27,044
Total Expenses	<u>\$ 108,372</u>	<u>\$ 65,864</u>	<u>\$ 34,510</u>	<u>\$ 30,675</u>	<u>\$ 239,421</u>

See accountants' audit report and notes to financial statements.

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Change in net assets	\$ 59,424
Add (deduct) operating items not affecting cash:	
Depreciation expense	27,044
(Increase) decrease in accounts receivable	(5,002)
(Increase) decrease in prepaid expenses	95
Increase (decrease) in accounts payable	9,710
Increase (decrease) in accrued expenses	<u>1,978</u>
Net cash provided by operating activities	<u>93,249</u>
Cash flows from financing activities	
Principle payments to related parties	<u>(75,000)</u>
Net cash used by financing activities	<u>(75,000)</u>
Net increase (decrease) in cash	18,249
Cash, at beginning of year	<u>236,580</u>
Cash, at end of year	<u><u>\$ 254,829</u></u>

SUPPLEMENTAL DISCLOSURE

Cash paid for:

Interest	\$ -
Income taxes	\$ -

See accountants' audit report and notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**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 the Department of Social and Health Services (DSHS) funding, grants, and public and private contributions.

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, 2010 this amount was not exceeded.



NAMI GREATER SEATTLE  
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NOTES TO FINANCIAL STATEMENTS, continued  
DECEMBER 31, 2010

**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.

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NOTES TO FINANCIAL STATEMENTS, continued  
DECEMBER 31, 2010

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

Donated Services and Materials

Certain professional services, such as computer consulting services, interim executive director, and professional speakers and instructors, have been recorded at an estimated value of \$57,340. 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 \$13,458.

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.

In 2007, undeveloped land located in Olympia, Washington was donated to the Organization. The real estate tax assessed value was used to value this contribution.

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NOTES TO FINANCIAL STATEMENTS, continued  
DECEMBER 31, 2010

**NOTE 3. NOTES PAYABLE:**

In July 2006, the Organization entered into 3 loan agreements for the purchase of the women's Hofmann House. The first, a bridge loan with the amount of \$403,384 available until July 2008 was paid off in 2009. In addition, two \$50,000 loans were entered into with related parties. These two loans were interest free and were due in full in July 2008. In July 2009 \$75,000 of these loans was verbally extended for one more year with an interest rate of 3%. These remaining loans were paid off in 2010. The Organization had no outstanding loan balances at December 31, 2010.

**NOTE 4. OPERATING LEASES:**

The Organization leases office equipment through an operating lease at monthly minimum lease payments of \$427 including sales tax. The original lease obligation was signed October 28, 2010 and extends for 39 months.

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

For the year ending December 31,

2011	\$ 5,125
2012	5,125
2013	5,125
2014	427
2015	-
thereafter	-
	<hr/>
	\$ 15,802
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NAMI GREATER SEATTLE  
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NOTES TO FINANCIAL STATEMENTS, continued  
DECEMBER 31, 2010

**NOTE 5. TEMPORARILY RESTRICTED NET ASSETS:**

As of December 31, 2010, temporarily restricted net assets consist of \$ 4,095 as a memorial fund for Betsey Hughes. In cooperation with the family for whom this fund was established, the Board agreed that these funds will be transferred into a memorial scholarship fund managed by a Rotary Club in which Betsey Hughes' father, John Hughes, is a member. This memorial scholarship fund has not yet been established.

**NOTE 6. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets at December 31, 2010, 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 2010 NAMI received \$4,648 from donor designations.