

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
DECEMBER 31, 2011

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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, 2011, 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, 2011, 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

April 25, 2012

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

| <u>ASSETS</u> | | | | |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|----------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total All Funds</u> |
| Current Assets | | | | |
| Cash & Cash Equivalents | \$ 225,871 | \$ - | \$ 50,000 | \$ 275,871 |
| Accounts Receivable | 1,614 | - | - | 1,614 |
| Prepaid Expenses | 2,931 | - | - | 2,931 |
| Total Current Assets | <u>230,416</u> | <u>-</u> | <u>50,000</u> | <u>280,416</u> |
| Property and Equipment | | | | |
| 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 | - | - | - | - |
| Less Accumulated Depreciation | (346,258) | - | - | (346,258) |
| Total Property and Equipment | <u>805,390</u> | <u>-</u> | <u>-</u> | <u>805,390</u> |
| TOTAL ASSETS | <u>\$ 1,035,806</u> | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ 1,085,806</u> |

LIABILITIES AND NET ASSETS

| | | | | |
|---|---------------------|-------------|------------------|---------------------|
| Current Liabilities | | | | |
| Accounts Payable | \$ 432 | \$ - | \$ - | \$ 432 |
| Accrued Expenses | 4,023 | - | - | 4,023 |
| Total Current Liabilities | <u>4,455</u> | <u>-</u> | <u>-</u> | <u>4,455</u> |
| Net Assets | | | | |
| Unrestricted | 1,031,351 | - | - | 1,031,351 |
| Temporarily Restricted | - | - | - | - |
| Permanently Restricted | - | - | 50,000 | 50,000 |
| Total Net Assets | <u>1,031,351</u> | <u>-</u> | <u>50,000</u> | <u>1,081,351</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,035,806</u> | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ 1,085,806</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, 2011

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total All Funds</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------------|
| Public Support: | | | | |
| Fees and Grants | \$ 65,107 | \$ - | \$ - | \$ 65,107 |
| Contributions | 57,734 | - | - | 57,734 |
| United Way | 2,694 | - | - | 2,694 |
| Donated Services and Facilities | 59,521 | - | - | 59,521 |
| | <u>185,056</u> | <u>-</u> | <u>-</u> | <u>185,056</u> |
| Revenue: | | | | |
| Membership Dues | 11,039 | - | - | 11,039 |
| Sales of Publications & Merchandise | 5,339 | - | - | 5,339 |
| Rent | 28,946 | - | - | 28,946 |
| Special Events/Conferences | 43,509 | - | - | 43,509 |
| Loss on sale of undeveloped land | (24,000) | - | - | (24,000) |
| Interest Income | 252 | - | - | 252 |
| | <u>65,085</u> | <u>-</u> | <u>-</u> | <u>65,085</u> |
| Expenses: | | | | |
| Direct Client Services | 117,137 | - | - | 117,137 |
| Community & Individual Education | 72,970 | - | - | 72,970 |
| Systems Advocacy | 50,786 | - | - | 50,786 |
| Management & General | 39,251 | - | - | 39,251 |
| | <u>280,144</u> | <u>-</u> | <u>-</u> | <u>280,144</u> |
| Excess of Revenue and Support over Expenses or (Expenses over Revenue and Support) | (30,003) | - | - | (30,003) |
| Net Assets, beginning of year | 1,057,259 | 4,095 | 50,000 | 1,111,354 |
| Unrestricted Net Assets Transferred to (from) Temporarily Restricted Net Assets | <u>4,095</u> | <u>(4,095)</u> | <u>-</u> | <u>-</u> |
| Net Assets, end of year | <u>\$ 1,031,351</u> | <u>\$ -</u> | <u>\$ 50,000</u> | <u>\$ 1,081,351</u> |

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, 2011

| | Direct Client Services | Community & Individual Education | Systems Advocacy | Management & General | Total Expenses |
|------------------------------------|------------------------------|--|---------------------|-------------------------|-------------------|
| Salaries and Wages | \$ 23,934 | \$ 25,928 | \$ 27,923 | \$ 21,939 | \$ 99,724 |
| Payroll Taxes | 2,969 | 3,217 | 3,464 | 2,722 | 12,372 |
| Total Salaries & Expenses | 26,903 | 29,145 | 31,387 | 24,661 | 112,096 |
| Professional Fees | 877 | 677 | 677 | 1,754 | 3,985 |
| Professional Fee (In Kind) | 13,283 | 18,264 | 4,981 | 4,981 | 41,509 |
| Donated Facilities | 12,069 | 5,944 | - | - | 18,013 |
| Business License/Filing Fees | - | - | - | 140 | 140 |
| Office Expenses & Supplies | 758 | 782 | 379 | 451 | 2,370 |
| Office- Utilities | 1,233 | 1,271 | 616 | 733 | 3,853 |
| Computer/Network Update | 295 | 320 | 345 | 270 | 1,230 |
| Telephone | 2,513 | 335 | 335 | 167 | 3,350 |
| Postage & Shipping | 190 | 1,421 | 190 | 94 | 1,895 |
| Hof. House (Men)- Insurance | 1,022 | - | - | - | 1,022 |
| Hof. House (Men)- Utilities | 4,949 | - | - | - | 4,949 |
| Hof. House (Men) - Property Taxes | 185 | - | - | - | 185 |
| Hof. House (Men) - Tel. & Cable | 327 | - | - | - | 327 |
| Hof. House (Men)- Misc. / Upgrades | 606 | - | - | - | 606 |
| Hof. House (Women)- Insurance | 1,050 | - | - | - | 1,050 |
| Hof. House (Women)-Utilities | 4,177 | - | - | - | 4,177 |
| Hof. House (Women)- Property Taxes | 185 | - | - | - | 185 |
| Hof. House (Women)- Misc. | 1,342 | - | - | - | 1,342 |
| Hof. House (Women) - Tel. & Cable | 666 | - | - | - | 666 |
| Insurance | 2,998 | 849 | 500 | 650 | 4,997 |
| Occupancy (Bldg. Maint.) | 137 | 146 | 68 | 77 | 428 |
| Bank Expenses | 367 | 367 | 200 | 177 | 1,111 |
| Copier Maintenance | 2,055 | 4,520 | 1,233 | 410 | 8,218 |
| Dues and Subscriptions | 49 | 65 | 42 | 7 | 163 |
| NAMI Walk | 22 | 22 | 22 | 20 | 86 |
| Travel & Parking | 19 | 39 | 310 | 20 | 388 |
| Board Expense | - | - | - | 433 | 433 |
| Connections | 125 | 125 | 118 | - | 368 |
| Scholarships | 15,681 | - | - | - | 15,681 |
| Special Events | - | 891 | - | - | 891 |
| Business Meals | - | - | - | 192 | 192 |
| Volunteer Expenses | 140 | 139 | - | - | 279 |
| Staff Training & Conferences | 394 | 413 | 827 | 335 | 1,969 |
| Donations by NAMI G.S. | - | - | 4,250 | - | 4,250 |
| Property Taxes | 47 | 48 | 23 | 28 | 146 |
| Property Taxes - Olympia Property | - | - | - | 160 | 160 |
| "In Our Own Voice" | - | 1,707 | - | - | 1,707 |
| "Family to Family" | - | 2,230 | - | - | 2,230 |
| "Educating the Next Generation" | - | 388 | - | - | 388 |
| "Peer to Peer" | - | 1,198 | - | - | 1,198 |
| Support Groups | - | 79 | - | - | 79 |
| Payment to NAMI WA & National | 1,585 | 1,585 | 1,641 | 849 | 5,660 |
| | 96,249 | 72,970 | 48,144 | 36,609 | 253,972 |
| Depreciation | 20,888 | - | 2,642 | 2,642 | 26,172 |
| Total Expenses | <u>\$ 117,137</u> | <u>\$ 72,970</u> | <u>\$ 50,786</u> | <u>\$ 39,251</u> | <u>\$ 280,144</u> |

See accountants' audit report and notes to financial statements.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | |
|--|--------------------------|
| Change in net assets | \$ (30,003) |
| Add (deduct) operating items not affecting cash: | |
| Depreciation expense | 26,172 |
| Loss on sale of undeveloped land | 24,000 |
| Proceeds on sale of undeveloped land | 1,850 |
| (Increase) decrease in accounts receivable | 6,352 |
| (Increase) decrease in prepaid expenses | (96) |
| Increase (decrease) in accounts payable | (9,278) |
| Increase (decrease) in accrued expenses | <u>2,045</u> |
| Net cash provided by operating activities | <u>21,042</u> |
| Net increase (decrease) in cash | 21,042 |
| Cash, at beginning of year | <u>254,829</u> |
| Cash, at end of year | <u><u>\$ 275,871</u></u> |

SUPPLEMENTAL DISCLOSURE

Cash paid for:

| | |
|--------------|------|
| Interest | \$ - |
| Income taxes | \$ - |

See accountants' audit report and notes to financial statements.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 the Department of Social and Health Services.

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, 2011 this amount was not exceeded.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS, continued
DECEMBER 31, 2011

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
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS, continued
DECEMBER 31, 2011

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 \$41,509. 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 \$18,012.

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. This property was sold in 2011 and the loss on the sale was recorded at the time of the sale.

NAMI GREATER SEATTLE
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NOTES TO FINANCIAL STATEMENTS, continued
DECEMBER 31, 2011

NOTE 3. 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,

| | |
|------------|-----------|
| 2012 | \$ 5,125 |
| 2013 | 5,125 |
| 2014 | 427 |
| 2015 | - |
| 2016 | - |
| thereafter | - |
| | <hr/> |
| | \$ 10,677 |
| | <hr/> |

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2011, there were no temporarily restricted net assets. The memorial fund established for Betsey Hughes was transferred into a memorial scholarship fund managed by a Rotary Club.

The Board of Trustees 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, 2011 were \$87,102. These funds are considered unrestricted but Board designated.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS, continued
DECEMBER 31, 2011

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2011, 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 6. UNITED WAY CONTRIBUTIONS:

NAMI receives United Way contributions through donor designations. During 2011 NAMI received \$2,694 from donor designations.

NOTE 7. INCOME TAXES:

The Organization has determined there are no uncertain tax positions for the years ended December 31, 2011 and 2010, 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 8. SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through the date these financial statements were available to be issued on April 25, 2012.