

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
DECEMBER 31, 2012

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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 nonprofit organization), which comprise the statement of financial position as of December 31, 2012 and the related statements of activities 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, 2012, 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
May 8, 2013

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

<u>ASSETS</u>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Current Assets				
Cash & Cash Equivalents	\$ 239,401	\$ -	\$ 50,000	\$ 289,401
Accounts Receivable	1,844	-	-	1,844
Prepaid Expenses	3,080	-	-	3,080
Total Current Assets	<u>244,325</u>	<u>-</u>	<u>50,000</u>	<u>294,325</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
Less Accumulated Depreciation	(372,434)	-	-	(372,434)
Total Property and Equipment	<u>779,214</u>	<u>-</u>	<u>-</u>	<u>779,214</u>
TOTAL ASSETS	<u>\$ 1,023,539</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 1,073,539</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts Payable	\$ 275	\$ -	\$ -	\$ 275
Accrued Expenses	10,579	-	-	10,579
Total Current Liabilities	<u>10,854</u>	<u>-</u>	<u>-</u>	<u>10,854</u>
Net Assets				
Unrestricted	1,012,685	-	-	1,012,685
Temporarily Restricted	-	-	-	-
Permanently Restricted	-	-	50,000	50,000
Total Net Assets	<u>1,012,685</u>	<u>-</u>	<u>50,000</u>	<u>1,062,685</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,023,539</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 1,073,539</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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Public Support:				
Fees and Grants	\$ 26,712	\$ -	\$ -	\$ 26,712
Contributions	92,357	-	-	92,357
United Way	4,148	-	-	4,148
Donated Services and Facilities	81,895	-	-	81,895
	<u>205,112</u>	<u>-</u>	<u>-</u>	<u>205,112</u>
Revenue:				
Membership Dues	8,890	-	-	8,890
Sales of Publications & Merchandise	5,978	-	-	5,978
Rent	29,268	-	-	29,268
Special Events/Conferences	43,320	-	-	43,320
Interest Income	334	-	-	334
	<u>87,790</u>	<u>-</u>	<u>-</u>	<u>87,790</u>
Expenses:				
Direct Client Services	135,094	-	-	135,094
Community & Individual Education	82,286	-	-	82,286
Systems Advocacy	49,926	-	-	49,926
Management & General	44,262	-	-	44,262
	<u>311,568</u>	<u>-</u>	<u>-</u>	<u>311,568</u>
Excess of Revenue and Support over Expenses or (Expenses over Revenue and Support)	(18,666)	-	-	(18,666)
Net Assets, beginning of year	<u>1,031,351</u>	<u>-</u>	<u>50,000</u>	<u>1,081,351</u>
Net Assets, end of year	<u>\$ 1,012,685</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 1,062,685</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, 2012

	Direct Client Services	Community & Individual Education	Systems Advocacy	Management & General	Total Expenses
Salaries and Wages	\$ 25,170	\$ 27,268	\$ 29,365	\$ 23,072	\$ 104,875
Payroll Taxes	2,895	3,136	3,377	2,653	12,061
Total Salaries & Expenses	<u>28,065</u>	<u>30,404</u>	<u>32,742</u>	<u>25,725</u>	<u>116,936</u>
Professional Fees	1,297	1,002	1,002	2,594	5,895
Professional Fee (In Kind)	20,080	27,610	7,530	7,529	62,749
Donated Facilities	12,828	6,318	-	-	19,146
Business License/Filing Fees	-	-	-	240	240
Office Expenses & Supplies	349	360	174	207	1,090
Office- Utilities	1,180	1,217	590	700	3,687
Computer/Network Update	477	517	557	437	1,988
Telephone	2,970	396	396	198	3,960
Postage & Shipping	192	1,439	192	95	1,918
Hof. House (Men)- Insurance	1,054	-	-	-	1,054
Hof. House (Men)- Utilities	5,177	-	-	-	5,177
Hof. House (Men) - Property Taxes	205	-	-	-	205
Hof. House (Men) - Tel. & Cable	332	-	-	-	332
Hof. House (Men)- Misc. / Upgrades	4,899	-	-	-	4,899
Hof. House (Women)- Insurance	1,062	-	-	-	1,062
Hof. House (Women)-Utilities	4,404	-	-	-	4,404
Hof. House (Women)- Property Taxes	205	-	-	-	205
Hof. House (Women)- Misc.	1,882	-	-	-	1,882
Hof. House (Women) - Tel. & Cable	582	-	-	-	582
Insurance	3,124	885	521	677	5,207
Occupancy (Bldg. Maint.)	550	584	275	309	1,718
Furniture/Equipment Purchases	-	-	-	241	241
Bank Expenses	285	285	156	139	865
Copier Maintenance	1,623	3,571	974	325	6,493
Advertising	-	-	-	25	25
Dues and Subscriptions	22	29	19	3	73
Travel & Parking	14	29	230	14	287
Board Expense	-	-	-	969	969
Hospitality	25	25	-	-	50
Connections	47	47	45	-	139
Scholarships	18,465	-	-	-	18,465
Special Events	-	1,568	-	-	1,568
Business Meals	-	-	-	316	316
Volunteer Expenses	128	128	-	-	256
Staff Training & Conferences	206	217	433	175	1,031
Donations by NAMI G.S.	-	-	125	-	125
Property Taxes	52	53	26	30	161
"Appreciative Living Circle"	1,172	-	-	-	1,172
"In Our Own Voice"	-	2,138	-	-	2,138
"Family to Family"	-	1,455	-	-	1,455
"Educating the Next Generation"	-	23	-	-	23
"Peer to Peer"	-	604	-	-	604
Support Groups	-	131	-	-	131
Payment to NAMI WA & National	1,251	1,251	1,296	671	4,469
	<u>114,204</u>	<u>82,286</u>	<u>47,283</u>	<u>41,619</u>	<u>285,392</u>
Depreciation	20,890	-	2,643	2,643	26,176
Total Expenses	<u>\$ 135,094</u>	<u>\$ 82,286</u>	<u>\$ 49,926</u>	<u>\$ 44,262</u>	<u>\$ 311,568</u>

See accountants' audit report and notes to financial statements.

NAMI GREATER SEATTLE
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Change in net assets	\$ (18,666)
Add (deduct) operating items not affecting cash:	
Depreciation expense	26,176
(Increase) decrease in accounts receivable	(230)
(Increase) decrease in prepaid expenses	(149)
Increase (decrease) in accounts payable	(157)
Increase (decrease) in accrued expenses	<u>6,556</u>
Net cash provided by operating activities	<u>13,530</u>
Net increase (decrease) in cash	13,530
Cash, at beginning of year	<u>275,871</u>
Cash, at end of year	<u><u>\$ 289,401</u></u>

SUPPLEMENTAL DISCLOSURE

Cash paid for:

Interest	\$ -
Income taxes	\$ -

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012 this amount was not exceeded.

NAMI GREATER SEATTLE
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NOTES TO FINANCIAL STATEMENTS, continued
DECEMBER 31, 2012

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, continued
DECEMBER 31, 2012

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 \$62,749. 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 \$19,146.

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, continued
DECEMBER 31, 2012

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	427
2014	-
2015	-
2016	-
thereafter	<u>-</u>
	<u>\$ 5,552</u>

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2012, there were no temporarily restricted net assets.

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, 2012 were \$92,064. These funds are considered unrestricted but Board designated.

NAMI GREATER SEATTLE
(A NON-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS, continued
DECEMBER 31, 2012

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2012, 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 2012 NAMI received \$4,148 from donor designations.

NOTE 7. INCOME TAXES:

The Organization has determined there are no uncertain tax positions for the years ended December 31, 2012 and 2011, 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 May 8, 2013.