

NAMI ST. TAMMANY AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

NAMI ST. TAMMANY AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
NAMI St. Tammany
Mandeville, LA

Report on the Financial Statements

We have audited the accompanying financial statements of NAMI St. Tammany (a Louisiana nonprofit organization), which comprise of the statement of financial positions as of June 30, 2018, and the related statements of activities, 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI St. Tammany as of June 30, 2018, 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.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2018 on our consideration of NAMI St. Tammany's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Jason F. Clausen
St. Clair Shores, MI
November 29, 2018

NAMI ST. TAMMANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

Assets

Current assets	
Cash and cash equivalents	\$ 125,278
Cash - restricted	25,000
Investments	102,522
Grants receivable	70,880
Prepaid expenses	<u>2,387</u>
Total current assets	<u>326,067</u>
Property and equipment	
Office equipment	16,422
Equipment	4,703
Furniture and fixtures	24,424
Vehicles	27,000
Leasehold improvements	75,195
Less accumulated depreciation	<u>(61,185)</u>
Total property and equipment	<u>86,559</u>
Total assets	<u><u>412,626</u></u>

Liabilities

Current Liabilities	
Accounts payable	5,113
Current portion of long term debt	5,202
Accrued payroll	42,847
Payroll taxes payable	<u>7,803</u>
Total current liabilities	60,965
Notes payable, net of current portion	<u>14,923</u>
Total liabilities	<u>75,888</u>

Net assets

Unrestricted	311,738
Board Designated Reserve	<u>25,000</u>
Total net assets	<u>336,738</u>
Total liabilities and net assets	<u><u>\$ 412,626</u></u>

See auditor's report and notes to the financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and other support</u>			
Grant and contract revenue	\$ 1,036,542	\$ -	\$ 1,036,542
Fundraising	157,011	-	157,011
Membership	1,778	-	1,778
Contributions	54,248	-	54,248
Rentals	74,545	-	74,545
Investment income	22	-	22
Other income	91,138	-	91,138
In-kind donations	54,000	-	54,000
Temporary net asset released from restrictions	51,000	(51,000)	-
	<u>1,520,284</u>	<u>(51,000)</u>	<u>1,469,284</u>
Total revenue and other support			
<u>Expense</u>			
Program services	1,343,893	-	1,343,893
Management and general	140,533	-	140,533
Fundraising	108,149	-	108,149
	<u>1,592,575</u>	<u>-</u>	<u>1,592,575</u>
Total expense			
Change in net assets	(72,291)	(51,000)	(123,291)
Net assets, beginning of period	<u>409,029</u>	<u>51,000</u>	<u>460,029</u>
Net assets, end of period	<u>\$ 336,738</u>	<u>\$ -</u>	<u>\$ 336,738</u>

See auditor's report and notes to the financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Description</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 921,447	\$ 82,733	\$ 40,955	\$1,045,135
Employee benefits	9,204	826	409	10,439
Payroll taxes	77,463	6,955	3,443	87,861
Advertising	-	-	1,248	1,248
Accounting	-	18,000	-	18,000
Audit	-	6,500	-	6,500
Bank charges	2,055	242	121	2,418
Donations	250	-	-	250
Travel / trainings	25,091	2,952	1,476	29,519
Telephone	18,221	2,144	1,065	21,430
Postage and shipping	-	1,197	-	1,197
Occupancy	30,601	3,600	1,799	36,000
Repairs and maintenance	1,484	175	87	1,746
Office expense	46,078	5,422	2,705	54,205
Meetings	5,591	120	55	5,766
Insurance	25,406	2,990	1,495	29,891
Interest	1,130	133	67	1,330
Website	266	32	15	313
Dues and subscriptions	-	4,203	-	4,203
Licenses	2,650	-	-	2,650
Mileage	10,749	-	-	10,749
Direct operating costs	120,521	-	-	120,521
Direct fundraising costs	-	-	52,038	52,038
Vehicle expense	21,819	-	-	21,819
Security expense	3,720	-	-	3,720
Supplies	410	-	-	410
Other expenses	2,321	272	138	2,731
Depreciation	17,416	2,037	1,033	20,486
Total expenses on the statement of activities	<u>\$1,343,893</u>	<u>\$ 140,533</u>	<u>\$ 108,149</u>	<u>\$1,592,575</u>

See auditor's report and notes to the financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash flows from operating activities

Change in net assets	\$ (123,291)
Adjustments to reconcile change in net assets to net cash provided by operating activities	

Add: Depreciation	20,486
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Changes in operating assets and liabilities

Decrease in grants receivable	94,226
Decrease in accounts payable	2,456
Increase in accrued payroll	7,280
Increase in payroll taxes payable	<u>2,022</u>

Net cash provided by operating activities	<u>3,179</u>
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Cash flows from investing activities

Cash paid for investments	(102,500)
Net investment gains reinvested	<u>(22)</u>

Net cash used for investing activities	<u>(102,522)</u>
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Cash flows from financing activities

Repayments on note payable	<u>(4,908)</u>
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Net cash used for financing activities	<u>(4,908)</u>
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Net increase in cash and cash equivalents	(104,251)
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Cash and cash equivalents, beginning of period	<u>254,529</u>
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Cash and cash equivalents, end of period	<u><u>\$ 150,278</u></u>
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Cash paid for interest for the fiscal year ended June 30, 2018 was \$1,330.

NAMI ST. TAMMANY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – NATURE OF ACTIVITIES

NAMI St. Tammany and Subsidiary, (the Organization) is a non-profit corporation located in Mandeville, Louisiana, and is affiliated with National Alliance on Mental Illness. The Organization's mission is to increase awareness and advocate for families and persons with mental health illnesses in St. Tammany Parish. The Organization's source of revenue is principally derived from grant revenue and fundraising events. The Organization operates the following major programs:

Peer and Family Education

Providing education, awareness, and understanding of mental illnesses and establishing wellness through Peer-to-Peer, NAMI Basics, and Family-to-Family Education programs.

Peer and Family Support Groups

Providing a forum for recovery support for adults living with mental health challenges through ongoing support groups NAMI Connection and Family-to-Family Support.

Community Programs

Providing forums for effectively communication of mental health related concerns, advocacy for individuals struggling with mental illness, and a comprehensive web-based directory that provides resources for individuals living with mental illness. These programs are delivered through Parents and Teachers as Allies, NAMI Smarts for Advocacy, Community Education Events, and Mental Health Resource and Provider Directories.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly, reflect all significant receivables, payables, and other liabilities.

The financial statements are presented in accordance with FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Principles of Consolidation

The financial statements include the accounts of NAMI ST Transportation, Inc., a wholly owned subsidiary of the Organization. All intercompany balances have been eliminated.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost,

See auditor's report and financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

which approximates fair value. The Organization places its temporary cash investments with high credit quality financial institutions.

Accounts Receivable, Net

The Organization carries its accounts and grants receivable at the lower of cost or market, less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based upon specific delinquent accounts. When receivables are deemed uncollectible, they are charged against the allowance account. At June 30, 2018, the allowance for doubtful accounts was \$0.

Donated Materials and Services

The Organization receives donations of material and services from various sources. The donated materials and services received are reflected in the accompanying financial statements at their fair market value.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value at the time of the donation. Property with an original cost of \$500 or greater and a useful life of 3 years or greater are capitalized. Depreciation is computed on a straight-line basis over the estimated useful life of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Useful lives for the different classes of assets is as follows:

Office equipment	3 – 5 years
Equipment, vehicles, furniture, and fixtures	5 – 7 years
Leasehold improvements	10 – 15 years

Advertising

Advertising costs are recorded as expenditures as they are incurred.

Income Taxes

The Organization is a private, not-for-profit organization operating in accordance with Section 501(c)(3) of the Internal Revenue Code.

Classification of Net Assets

Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified as temporarily restricted, permanently restricted, or unrestricted. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements results in temporarily restricted net assets.

Unrestricted Net Assets – This portion of the Organization’s net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenues earned, program services provided, unrestricted contributions and all operating expenses are reported in this category. The Organization records donor-restricted contributions, whose restrictions have been satisfied in the same reporting period, as unrestricted support in such year.

Temporarily Restricted Net Assets – This portion of the Organization’s net assets is limited to use specified by donor-imposed restrictions. When donor restrictions expire, or the nature and purpose of the restriction is accomplished, temporarily restricted net

See auditor’s report and financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assets are reclassified to unrestricted net assets and report in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets – net assets subject to “donor-imposed” restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used are classified as permanently restricted net assets. The Organization has no permanently restricted net assets at June 30, 2018.

Functional Expenses

The costs of providing program and supporting services have been reported on a functional basis in the statement of activities and changes in net assets. Direct and indirect costs have been allocated between program, and general and administrative, and fundraising based on estimates from management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

NOTE 3 – RESTRICTED CASH

As of June 30, 2018, the Organization has cash restricted in the amount of \$25,000.

Board designated cash reserve (Note 12)	<u>\$ 25,000</u>
Total	<u>\$ 25,000</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

Generally Accepted Accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Generally Accepted Accounting Principles are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 Inputs to the valuation methodology include
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of this asset or liability.

See auditor’s report and financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lower level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds: Valued at the fair value of the fund at the close of the stock market on the last business day of the year.

Mutual Funds: Valued at the accumulated unit value of the units held at the end of the year.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are stated at their fair values, and consist of money market and equity investments as follows:

	<u>Fair Value</u>	In Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Levels 3)</u>
<u>June 30, 2018</u>				
Money Market	\$ 2,550	\$ 2,550	\$ 0	\$ 0
Mutual Funds	99,724	99,724	-	-
Common Stock	<u>248</u>	<u>248</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 102,522</u>	<u>\$ 102,522</u>	<u>\$ 0</u>	<u>\$ 0</u>

Investment losses for the year ended June 30, 2018, reported as a net of realized gains and losses, dividends and interest, brokerage fees of \$0, and unrealized market fluctuations was \$22.

NOTE 5 – NOTES PAYABLE

Note Payable – Vehicles

The Organization maintains a note payable dated January 20, 2017, with an original amount of \$27,000. The note calls for 60 monthly payments of \$520 and bears interest at a rate of 5.75%. The note matures January 20, 2022 and is secured by specific assets of the Organization.

See auditor's report and financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 – NOTES PAYABLE (CONTINUED)

Principal payments due on this note for the next five years are as follows:

2019	5,202
2020	5,511
2021	5,843
2022	<u>3,569</u>
<u>TOTAL</u>	<u>\$ 20,125</u>

NOTE 6 – COMPENSATED ABSENCES

The amount liability for compensated absences cannot be reasonably determined, therefore no accrual has been made.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, the Organization did not have any Temporarily Restricted Net Assets.

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2018, the Organization did not have any Permanently Restricted Net Assets.

NOTE 9 - CONCENTRATIONS

Funding Sources

The Organization is substantially supported by government grants and contracts from federal, state, and local authorities. The total support provided by these sources is approximately 61% of total revenue.

NOTE 10 – GRANT REVENUE AND RECEIVABLES

The grant revenues received for the fiscal year ending June 30, 2018 are as follows:

U.S. Department of Housing and Urban Development	\$ 84,528
St. Tammany Parish Government	261,408
State of Louisiana - Department of Health & Hospitals	360,728
Florida Parish Human Services Authority	159,516
MBH of Louisiana, LLC	16,000
City of Mandeville, Louisiana	10,000
City of Covington, Louisiana	6,000
City of Slidell, Louisiana	<u>5,000</u>
Total Grant Revenue	<u>\$ 903,179</u>

The total amounts receivable on these grants as of June 30, 2018 was \$70,880. As of the date of this report, this entire balance was collected, therefore, no reserve has been recorded.

See auditor's report and financial statements

NAMI ST. TAMMANY AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – IN-KIND DONATIONS

Donated contributions are reflected in the accompanying statements at their estimated values at date of receipt. The organization receives many hours of volunteer work. Much of this volunteer work does not meet the requirements for recognition in GAAP and are therefore not included in the financial statements. The value of donated materials and services included in the financial statement and the corresponding expenses for the year are as follows:

Donated Office Space and Furniture	\$ 36,000
Donated Professional Services	<u>18,000</u>
Total In-Kind Donations	<u>\$ 54,000</u>

NOTE 12 – BOARD-DESIGNATED CASH RESERVE

At June 30, 2018, the Organization maintained a Board designated cash reserve in the amount of \$25,000. These funds are restricted for operating costs and may not be drawn upon without Board consent.

NOTE 13 – DATE OF MANAGEMENT REVIEW

These financial statements and all subsequent events have been reviewed by management through the date of this report, which is the date the financial statements were available to be issued.

See auditor's report and financial statements



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
NAMI St. Tammany
Mandeville, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NAMI St. Tammany (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NAMI St. Tammany's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAMI St. Tammany's internal control. Accordingly, we do not express an opinion on the effectiveness of NAMI St. Tammany's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAMI St. Tammany's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, consisting of a stylized, cursive 'A' followed by a horizontal line that tapers to the right.

St. Clair Shores, MI
November 29, 2018