

NAMI DANE COUNTY, INC.

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NAMI Dane County, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of NAMI Dane County, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI Dane County, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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February 12, 2016

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NAMI DANE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash	\$ 257,243	\$ 238,333
Receivables	2,200	855
Prepaid expenses	1,299	1,558
Office equipment (less accumulated depreciation of \$5,854 and \$5,425)	2,054	313
Beneficial interest in assets held by Madison Community Foundation	32,761	29,442
Total assets	\$ 295,557	\$ 270,501
LIABILITIES		
Accounts payable	\$ 4,599	\$ 17,813
Accrued vacation and payroll liabilities	6,326	6,324
Total liabilities	10,925	24,137
NET ASSETS		
Unrestricted	284,632	243,864
Temporarily restricted	-	2,500
Total net assets	284,632	246,364
Total liabilities and net assets	\$ 295,557	\$ 270,501

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
United Way of Dane County	\$ 56,370	\$ 51,321
NAMIWalks event	185,901	185,853
Contributions	57,594	29,823
Banquet income	6,840	7,253
Membership	1,915	1,578
Interest income	208	225
Agency endowment return	(474)	963
Miscellaneous income	1,948	1,759
	<u>310,302</u>	<u>278,775</u>
Total unrestricted support and revenue		
	310,302	278,775
EXPENSES		
Program services	176,946	155,546
Management and general	50,276	44,414
Fundraising	44,812	42,421
	<u>272,034</u>	<u>242,381</u>
Total expenses		
	272,034	242,381
Net assets released from restrictions	<u>2,500</u>	<u>5,000</u>
	2,500	5,000
Change in unrestricted net assets	40,768	41,394
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	-	2,500
Net assets released from restrictions	<u>(2,500)</u>	<u>(5,000)</u>
	-	-
Change in temporarily restricted net assets	<u>(2,500)</u>	<u>(2,500)</u>
	(2,500)	(2,500)
Change in net assets	38,268	38,894
Net assets - beginning of year	<u>246,364</u>	<u>207,470</u>
	246,364	207,470
Net assets - end of year	<u><u>\$ 284,632</u></u>	<u><u>\$ 246,364</u></u>

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2015 and 2014

2015	Program Services	Management and General	Fundraising	Total
Personnel	\$ 100,789	\$ 28,596	\$ 21,640	\$ 151,025
NAMIWalks event	35,294	-	17,383	52,677
Rent	6,297	1,787	1,352	9,436
Insurance	-	2,890	-	2,890
Postage	1,599	454	343	2,396
Travel and conference	8,447	-	-	8,447
Support meetings	3,843	-	-	3,843
Equipment maintenance	1,092	310	234	1,636
Printing and copying	2,141	608	460	3,209
Banquet	1,880	-	1,880	3,760
Office supplies	2,413	685	518	3,616
Newsletter	3,202	-	-	3,202
Library	572	-	-	572
Telephone	1,191	338	256	1,785
Miscellaneous	3,188	905	685	4,778
Accounting and audit	-	13,622	-	13,622
Education	4,712	-	-	4,712
Depreciation	286	81	61	428
Total expenses	\$ 176,946	\$ 50,276	\$ 44,812	\$ 272,034

2014	Program Services	Management and General	Fundraising	Total
Personnel	\$ 85,946	\$ 24,341	\$ 17,836	\$ 128,123
NAMIWalks event	39,167	-	19,291	58,458
Rent	6,029	1,707	1,251	8,987
Insurance	-	2,606	-	2,606
Postage	544	154	113	811
Travel and conference	6,288	-	-	6,288
Consulting	688	194	143	1,025
Support meetings	2,879	-	-	2,879
Equipment maintenance	398	113	82	593
Printing and copying	2,295	650	476	3,421
Banquet	1,938	-	1,938	3,876
Office supplies	3,144	890	652	4,686
Newsletter	2,579	-	-	2,579
Library	24	-	-	24
Telephone	1,491	422	310	2,223
Miscellaneous	1,379	391	285	2,055
Accounting and audit	-	12,886	-	12,886
Education	547	-	-	547
Depreciation	210	60	44	314
Total expenses	\$ 155,546	\$ 44,414	\$ 42,421	\$ 242,381

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 38,268	\$ 38,894
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	429	314
Investment return retained in agency endowment	474	(963)
(Increase) decrease in assets		
Receivables	(1,345)	1,093
Prepaid expenses	259	(19)
Increase (decrease) in liabilities		
Accounts payable	(13,214)	2,038
Accrued vacation and payroll liabilities	2	1,698
Net cash provided by operating activities	<u>24,873</u>	<u>43,055</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions from agency endowment	1,307	1,243
Contributions to agency endowment	(5,100)	-
Purchases of equipment	(2,170)	-
Net cash provided by (used in) investing activities	<u>(5,963)</u>	<u>1,243</u>
Change in cash	18,910	44,298
Cash - beginning of year	<u>238,333</u>	<u>194,035</u>
Cash - end of year	<u><u>\$ 257,243</u></u>	<u><u>\$ 238,333</u></u>

See accompanying notes.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NAMI Dane County, Inc. (NAMI) was organized to establish, encourage, and perpetuate an organization of family and friends of people with mental illness and to protect the rights and promote the welfare of the mentally ill through programs and services. Located in Madison, Wisconsin, NAMI is supported primarily by the NAMIWalks event, the United Way of Dane County and other contributions from the general public. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIE

Basis of Presentation

NAMI is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by NAMI in perpetuity.

Receivables

Receivables consist of unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. All amounts are due within one year and believed to be fully collectible.

Office Equipment

Acquisitions of office equipment in excess of \$500 are capitalized. Purchases of office equipment are recorded at cost. Donations of office equipment are recorded as support at their estimated fair value on the date of donation. Depreciation is provided using the straight-line method over three years, the estimated useful lives of the assets.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Income Tax Status

NAMI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Date of Management's Review

Management has evaluated subsequent events through February 12, 2016, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

NAMI maintains its cash balances in one financial institution located in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, NAMI's uninsured cash balances total \$2,128.

NOTE 3 – AGENCY ENDOWMENT

NAMI established an agency endowment at Madison Community Foundation (MCF) during 2011. Since the agency endowment resulted from internal designations and are not donor-restricted, they are classified and reported as unrestricted net assets. NAMI recognizes the fair value of contributions when received. When NAMI transfers the funds to MCF, it recognizes the transfer as a decrease in cash and an increase in the asset "Beneficial interest in assets held by Madison Community Foundation." NAMI acknowledges that, by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Funds if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the Fund. The Fund normally makes an annual distribution to NAMI that represents 4.75% of the average value of the assets in the Fund over the previous twelve quarters. The purpose of the distributions is to enable NAMI to carry out its charitable and exempt purposes.

As of December 31, 2015 and 2014, NAMI has designated \$32,761 and \$29,442 of unrestricted net assets for the agency endowment. Since that amount resulted from internal designations and are not donor-restricted, they are classified and reported as unrestricted net assets.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 – AGENCY ENDOWMENT (Continued)

Composition of and changes in endowment net assets were as follows:

	2015	2014
Balance - beginning of year	\$ 29,442	\$ 29,722
Contributions	5,100	-
Distributions	(1,307)	(1,243)
Agency endowment return	(474)	963
Balance - end of year	<u>\$ 32,761</u>	<u>\$ 29,442</u>

NOTE 4 – NET ASSETS

Unrestricted net assets have been designated for the following purposes at December 31, 2015 and 2014:

	2015	2014
Designated for agency endowment	\$ 32,761	\$ 29,442
Undesignated	<u>251,871</u>	<u>214,422</u>
Unrestricted net assets	<u>\$ 284,632</u>	<u>\$ 243,864</u>

Temporarily restricted net assets at December 31, 2014 of \$2,500 was available for the teen programs.

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Madison Community Foundation				
2015	<u>\$ 32,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,761</u>
2014	<u>\$ 29,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,442</u>

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

NAMI's beneficial interest in assets held by MCF represents an agreement between NAMI and MCF in which NAMI transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to NAMI by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably estimated.

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	2015	2014
Beginning balance	\$ 29,442	\$ 29,722
Contributions	5,100	-
Distributions	(1,307)	(1,243)
Change in value of beneficial interest included in change in net assets	(474)	963
Ending balance	<u>\$ 32,761</u>	<u>\$ 29,442</u>

The change in value of beneficial interest included in change in net assets is reported as agency endowment return on the statements of activities.

NOTE 6 – ECONOMIC DEPENDENCY

NAMI received approximately 18% of its support from the United Way of Dane County in 2015 and 2014 and 60% and 66% of its support from NAMIWalks event in 2015 and 2014. A significant reduction in the level of this support may have an adverse effect on NAMI's programs and activities.

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions for December 31, 2015 and 2014 totaled \$27,038 and \$28,333, which consisted of items related to the NAMIWalks event. In 2015 and 2014, approximately 67% of in-kind expense was allocated to program and the remaining 33% to fundraising.

NOTE 8 – RETIREMENT PLAN

NAMI established a Simplified Employee Pension plan in 1999. All employees who are at least twenty-one years of age and have at least one year of service are eligible. NAMI contributes 9% of the employee's salary to the plan. Employer contributions to the plan are 100% vested to employees from the time they are eligible to participate. Retirement expense was \$7,521 and \$7,827 for 2015 and 2014.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 9 – LEASES

NAMI leases space for its administrative office and program services from its major funder, United Way of Dane County. The lease requires monthly payments of \$786 and expires on December 31, 2016. Lease expense was \$9,436 and \$8,987 for 2015 and 2014. Future minimum annual lease payments for 2016 are \$9,436.

NOTE 10 – JOINT COSTS

NAMI achieves some of its programmatic goals in the NAMIWalks event that include requests for contributions. The costs of NAMIWalks included a total of \$52,677 and \$58,458 of joint costs for 2015 and 2014 that are not directly attributable to either the program or the fundraising component of the activities.

Those joint costs were allocated as follows:

	2015	2014
Program services	\$ 35,294	\$ 39,167
Fundraising	17,383	19,291
Total	<u>\$ 52,677</u>	<u>\$ 58,458</u>

NAMI achieves some of its programmatic goals in the banquet event that include an auction to raise funds to support the organization. The costs of the banquet included a total of \$3,760 and \$3,876 of joint costs for 2015 and 2014 that are not directly attributable to either the program or the fundraising component of the activities.

Those joint costs were allocated as follows:

	2015	2014
Program services	\$ 1,880	\$ 1,938
Fundraising	1,880	1,938
Total	<u>\$ 3,760</u>	<u>\$ 3,876</u>