

NAMI DANE COUNTY, INC.

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 15, 2018

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NAMI DANE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 242,229	\$ 225,913
Receivables	375	40
Prepaid expenses	3,698	2,934
Office equipment (less accumulated depreciation of \$7,627 and \$6,643)	3,033	4,017
Beneficial interest in assets held by Madison Community Foundation	39,724	33,223
Total assets	\$ 289,059	\$ 266,127
LIABILITIES		
Accounts payable	\$ 16,510	\$ 18,607
Accrued vacation and payroll liabilities	13,764	9,039
Total liabilities	30,274	27,646
NET ASSETS		
Unrestricted	230,235	234,471
Temporarily restricted	28,550	4,010
Total net assets	258,785	238,481
Total liabilities and net assets	\$ 289,059	\$ 266,127

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
United Way of Dane County	\$ 47,522	\$ 53,736
NAMIWalks event	173,020	164,607
Contributions	114,502	50,006
Banquet income	45,288	12,975
Membership	2,113	2,793
Interest income	140	200
Agency endowment return	6,022	1,737
Miscellaneous income	1,225	7,476
	<hr/>	<hr/>
Total unrestricted support and revenue	389,832	293,530
EXPENSES		
Program services	322,371	271,136
Management and general	50,395	59,000
Fundraising	25,312	13,555
	<hr/>	<hr/>
Total expenses	398,078	343,691
Net assets released from restrictions	4,010	-
	<hr/>	<hr/>
Change in unrestricted net assets	(4,236)	(50,161)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	28,550	4,010
Net assets released from restrictions	(4,010)	-
	<hr/>	<hr/>
Change in temporarily restricted net assets	24,540	4,010
	<hr/>	<hr/>
Change in net assets	20,304	(46,151)
Net assets - beginning of year	238,481	284,632
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Net assets - end of year	<u>\$ 258,785</u>	<u>\$ 238,481</u>

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2017 and 2016

2017	Program Services	Management and General	Fundraising	Total
Personnel	\$ 179,623	\$ 26,813	\$ 8,006	\$ 214,442
NAMIWalks event	48,737	-	5,416	54,153
Rent	8,398	1,340	219	9,957
Insurance	4,275	682	112	5,069
Postage	2,181	-	67	2,248
Travel and conference	4,316	-	-	4,316
Equipment maintenance	4,319	1,519	28	5,866
Printing and copying	1,904	20	60	1,984
Banquet	8,705	-	10,459	19,164
Office supplies	2,498	991	303	3,792
Newsletter	4,349	-	-	4,349
Library	31	-	-	31
Telephone	1,240	317	82	1,639
Miscellaneous	1,616	3,519	538	5,673
Professional services	2,468	15,062	-	17,530
Education	46,881	-	-	46,881
Depreciation	830	132	22	984
Total expenses	\$ 322,371	\$ 50,395	\$ 25,312	\$ 398,078

2016	Program Services	Management and General	Fundraising	Total
Personnel	\$ 160,032	\$ 29,588	\$ 5,685	\$ 195,305
NAMIWalks event	44,484	-	4,943	49,427
Rent	7,738	1,415	283	9,436
Insurance	2,528	462	92	3,082
Postage	2,218	9	-	2,227
Travel and conference	18,709	540	-	19,249
Legal expenses	-	8,153	-	8,153
Equipment maintenance	4,687	857	171	5,715
Printing and copying	2,439	446	89	2,974
Banquet	7,301	-	811	8,112
Office supplies	1,516	262	286	2,064
Newsletter	3,444	-	-	3,444
Library	740	-	-	740
Telephone	1,027	514	171	1,712
Miscellaneous	2,376	2,354	1,000	5,730
Accounting and audit	-	14,095	-	14,095
Education	11,250	187	-	11,437
Depreciation	647	118	24	789
Total expenses	\$ 271,136	\$ 59,000	\$ 13,555	\$ 343,691

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 20,304	\$ (46,151)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	984	789
Investment return retained in agency endowment	(6,022)	(1,737)
(Increase) decrease in assets		
Receivables	(335)	2,160
Prepaid expenses	(764)	(1,635)
Increase (decrease) in liabilities		
Accounts payable	(2,097)	14,008
Accrued vacation and payroll liabilities	4,725	2,713
	16,795	(29,853)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions from agency endowment	1,771	1,375
Contributions to agency endowment	(2,250)	(100)
Purchases of office equipment	-	(2,752)
	(479)	(1,477)
Change in cash	16,316	(31,330)
Cash - beginning of year	225,913	257,243
Cash - end of year	\$ 242,229	\$ 225,913

See accompanying notes.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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 support 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 five 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, 2017 and 2016

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 15, 2018, the date which the financial statements were available to be issued.

NOTE 2– 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 purpose of the distributions is to enable NAMI to carry out its charitable and exempt purposes.

As of December 31, 2017 and 2016, NAMI has designated \$39,724 and \$33,223 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.

Changes in agency endowment net assets for 2017 and 2016 were as follows:

	2017	2016
Balance - beginning of year	\$ 33,223	\$ 32,761
Contributions	2,250	100
Distributions	(1,771)	(1,375)
Agency endowment return	6,022	1,737
Balance - end of year	\$ 39,724	\$ 33,223

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 3 – NET ASSETS

Unrestricted net assets at December 31, 2017 and 2016 have been designated for the following purposes:

	2017	2016
Designated for agency endowment	\$ 39,724	\$ 33,223
Undesignated	190,511	201,248
Unrestricted net assets	\$ 230,235	\$ 234,471

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following:

	2017	2016
Banquet	\$ -	\$ 4,010
Resource guide	2,500	-
Raise your voice	16,250	-
Crisis intervention team	9,800	-
Temporarily restricted net assets	\$ 28,550	\$ 4,010

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2017 and 2016 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 3)	
	2017	2016
Beneficial interest in assets held by Madison Community Foundation	\$ 39,724	\$ 33,223

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.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

	2017	2016
Beginning balance	\$ 33,223	\$ 32,761
Contributions	2,250	100
Distributions	(1,771)	(1,375)
Change in value of beneficial interest included in change in net assets	6,022	1,737
Ending balance	\$ 39,724	\$ 33,223

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 5 – ECONOMIC DEPENDENCY

In 2017 and 2016, NAMI received approximately 11% and 18% of its support from the United Way of Dane County and 41% and 55% of its support from NAMIWalks event. A significant reduction in the level of this support may have an adverse effect on NAMI's programs and activities.

NOTE 6 – IN-KIND CONTRIBUTIONS

In-kind contributions for 2017 and 2016 totaled \$61,477 and \$25,525. In 2017, total in-kind contributions consisted of donated goods and services related to the NAMIWalks event of \$25,750, donated services of \$20,519 related to Educations and donated services of \$15,208 related to Personnel. In 2017, 90% of in-kind expense for NAMIWalks was allocated to program and the remaining 10% to fundraising. 75% of in-kind expenses for personnel was allocated to program and the remaining 25% to fundraising. 100% of in-kind expenses for Education was allocated to program. In 2016, all in-kind contributions were related to NAMIWalks event and 90% of in-kind expense was allocated to program and the remaining 10% to fundraising.

NOTE 7 – 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. In 2017 and 2016, NAMI contributes 6% 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 for 2017 and 2016 was \$6,494 and \$1,363.

NOTE 8 – LEASES

NAMI leases space for its administrative office and program services from a primary funder, United Way of Dane County. The lease requires monthly payments of \$826 and expires on December 31, 2018. Lease expense for 2017 and 2016 was \$9,957 and \$9,436.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 9 – JOINT COSTS

NAMI achieves some of its programmatic goals in the NAMIWalks event that include requests for contributions. For 2017 and 2016, the costs of NAMIWalks included a total of \$54,153 and \$49,427 of joint costs that are not directly attributable to either the program or the fundraising component of the activities.

Those joint costs were allocated as follows:

	<u>2017</u>	<u>2016</u>
Program services	\$ 48,737	\$ 44,484
Fundraising	<u>5,416</u>	<u>4,943</u>
Total	<u>\$ 54,153</u>	<u>\$ 49,427</u>

NAMI achieves some of its programmatic goals in the banquet event that include an auction to raise funds to support the organization. For 2017 and 2016, the costs of the banquet included a total of \$14,509 and \$8,112 of joint costs that are not directly attributable to either the program or the fundraising component of the activities.

Those joint costs were allocated as follows:

	<u>2017</u>	<u>2016</u>
Program services	\$ 8,705	\$ 7,301
Fundraising	<u>5,803</u>	<u>811</u>
Total	<u>\$ 14,509</u>	<u>\$ 8,112</u>