

NAMI DANE COUNTY, INC.

FINANCIAL STATEMENTS

December 31, 2016 and 2015

CONTENTS

| | |
|---|---|
| Independent Auditor's Report | 1 |
| Statements of Financial Position..... | 2 |
| Statements of Activities | 3 |
| Statements of Functional Expenses | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6 |



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, 2016 and 2015, 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, 2016 and 2015, 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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Madison, Wisconsin
February 17, 2017

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STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 1900

| | 2016 | 0 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash | \$ 225,913 | \$ 257,243 |
| Receivables | 40 | 2,200 |
| Prepaid expenses | 2,934 | 1,299 |
| Office equipment (less accumulated depreciation of \$6,643 and \$5,854) | 4,017 | 2,054 |
| Beneficial interest in assets held by Madison Community Foundation | 33,223 | 32,761 |
| Total assets | \$ 266,127 | \$ 295,557 |
| LIABILITIES | | |
| Accounts payable | \$ 18,607 | \$ 4,599 |
| Accrued vacation and payroll liabilities | 9,039 | 6,326 |
| Total liabilities | 27,646 | 10,925 |
| NET ASSETS | | |
| Unrestricted | 234,471 | 284,632 |
| Temporarily restricted | 4,010 | - |
| Total net assets | 238,481 | 284,632 |
| Total liabilities and net assets | \$ 266,127 | \$ 295,557 |

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2016 and 1900

| | 2016 | 0 |
|---|-------------------|-------------------|
| UNRESTRICTED NET ASSETS | | |
| SUPPORT AND REVENUE | | |
| United Way of Dane County | \$ 53,736 | \$ 56,370 |
| NAMIWalks event | 164,607 | 185,901 |
| Contributions | 50,006 | 57,594 |
| Banquet income | 12,975 | 6,840 |
| Membership | 2,793 | 1,915 |
| Interest income | 200 | 208 |
| Agency endowment return | 1,737 | (474) |
| Miscellaneous income | 7,476 | 1,948 |
| | <u>293,530</u> | <u>310,302</u> |
| Total unrestricted support and revenue | 293,530 | 310,302 |
| EXPENSES | | |
| Program services | 271,136 | 176,946 |
| Management and general | 59,000 | 50,276 |
| Fundraising | 13,555 | 44,812 |
| | <u>343,691</u> | <u>272,034</u> |
| Total expenses | 343,691 | 272,034 |
| Net assets released from restrictions | <u>-</u> | <u>2,500</u> |
| Change in unrestricted net assets | (50,161) | 40,768 |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Contributions | 4,010 | - |
| Net assets released from restrictions | <u>-</u> | <u>(2,500)</u> |
| Change in temporarily restricted net assets | <u>4,010</u> | <u>(2,500)</u> |
| Change in net assets | (46,151) | 38,268 |
| Net assets - beginning of year | <u>284,632</u> | <u>246,364</u> |
| Net assets - end of year | <u>\$ 238,481</u> | <u>\$ 284,632</u> |

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2016 and 1900

| 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 |

| 1900 | 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 |

See accompanying notes.

NAMI DANE COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 1900

| | 2016 | 1900 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (46,151) | \$ 38,268 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 789 | 429 |
| Investment return retained in agency endowment | (1,737) | 474 |
| (Increase) decrease in assets | | |
| Receivables | 2,160 | (1,345) |
| Prepaid expenses | (1,635) | 259 |
| Increase (decrease) in liabilities | | |
| Accounts payable | 14,008 | (13,214) |
| Accrued vacation and payroll liabilities | 2,713 | 2 |
| Net cash provided by (used in) operating activities | (29,853) | 24,873 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Distributions from agency endowment | 1,375 | 1,307 |
| Contributions to agency endowment | (100) | (5,100) |
| Purchases of office equipment | (2,752) | (2,170) |
| Net cash used in investing activities | (1,477) | (5,963) |
| Change in cash | (31,330) | 18,910 |
| Cash - beginning of year | 257,243 | 238,333 |
| Cash - end of year | \$ 225,913 | \$ 257,243 |

See accompanying notes.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 1900

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 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, 2016 and 1900

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 17, 2017, 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 4.19% 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, 2016 and 2015, NAMI has designated \$33,223 and \$32,761 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, 2016 and 1900

NOTE 3 – AGENCY ENDOWMENT (Continued)

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

| | 2016 | 1900 |
|-----------------------------|-----------|-----------|
| Balance - beginning of year | \$ 32,761 | \$ 29,442 |
| Contributions | 100 | 5,100 |
| Distributions | (1,375) | (1,307) |
| Agency endowment return | 1,737 | (474) |
| | \$ 33,223 | \$ 32,761 |

NOTE 4 – NET ASSETS

Unrestricted net assets at December 31, 2016 and 2015 have been designated for the following purposes:

| | 2016 | 1900 |
|---------------------------------|------------|------------|
| Designated for agency endowment | \$ 33,223 | \$ 32,761 |
| Undesignated | 201,248 | 251,871 |
| | \$ 234,471 | \$ 284,632 |

Temporarily restricted net assets at December 31, 2016 of \$4,010 are available for the 2017 banquet event.

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 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 | | | | |
| 2016 | \$ 33,223 | \$ - | \$ - | \$ 33,223 |
| 0 | \$ 32,761 | \$ - | \$ - | \$ 32,761 |

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 1900

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:

| | 2016 | 1900 |
|---|-----------|-----------|
| Beginning balance | \$ 32,761 | \$ 29,442 |
| Contributions | 100 | 5,100 |
| Distributions | (1,375) | (1,307) |
| Change in value of beneficial interest included in change in net assets | 1,737 | (474) |
| Ending balance | \$ 33,223 | \$ 32,761 |

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

In 2016 and 2015, NAMI received approximately 18% of its support from the United Way of Dane County and 55% and 60% 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 7 – IN-KIND CONTRIBUTIONS

In-kind contributions for 2016 and 2015 totaled \$25,525 and \$27,038, which consisted of items related to the NAMIWalks event and office use. In 2016, approximately 90% of in-kind expense was allocated to program and the remaining 10% to fundraising. In 2015, 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. In 2016 and 2015, NAMI contributes 6% and 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 for 2016 and 2015 was \$1,363 and \$7,521.

NAMI DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 1900

NOTE 9 – 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 \$786 and expires on December 31, 2016. Lease expense for 2016 and 2015 was \$9,436 and \$9,436. Future minimum annual lease payments for 2017 and 2018 are \$9,912.

NOTE 10 – JOINT COSTS

NAMI achieves some of its programmatic goals in the NAMIWalks event that include requests for contributions. For 2016 and 2015, the costs of NAMIWalks included a total of \$49,427 and \$52,677 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:

| | 2016 | 1900 |
|------------------|-----------|-----------|
| Program services | \$ 44,484 | \$ 35,294 |
| Fundraising | 4,943 | 17,383 |
| Total | \$ 49,427 | \$ 52,677 |

NAMI achieves some of its programmatic goals in the banquet event that include an auction to raise funds to support the organization. For 2016 and 2015, the costs of the banquet included a total of \$8,112 and \$3,760 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:

| | 2016 | 1900 |
|------------------|----------|----------|
| Program services | \$ 7,301 | \$ 1,880 |
| Fundraising | 811 | 1,880 |
| Total | \$ 8,112 | \$ 3,760 |

NOTE 11 – LITIGATION

There was an open litigation against NAMI as of December 31, 2016 which was settled on January 6, 2017. NAMI had insurance coverage for this claim with a deductible of \$2,500. NAMI's insurance paid \$7,500 and NAMI paid \$2,500 to the plaintiff.