

***NAMI TENNESSEE***

Financial Statements  
With Supplemental Information

For the Years Ended June 30, 2007 and 2006

and

Independent Auditor's Report



# *NAMI TENNESSEE*

## FINANCIAL STATEMENTS For the Years Ending June 30, 2007 and 2006

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
NAMI Tennessee  
Nashville, Tennessee

We have audited the accompanying statements of financial position of NAMI Tennessee (a nonprofit corporation) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI Tennessee as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 25, 2007 on our consideration of NAMI Tennessee's internal control over financial reporting and 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 the 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 important for assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Hughes & Gosnell CPA's*

Knoxville, Tennessee  
October 25, 2007

# NAMI TENNESSEE

## STATEMENTS OF FINANCIAL POSITION

June 30, 2007 and 2006

ASSETS	2007	2006
Current Assets		
Cash	\$ 34,111	\$ 35,207
Grants Receivable	124,686	51,147
Memberships Receivable	1,178	0
Total Current Assets	159,975	86,354
Fixed Assets		
Auto	17,776	17,776
Office Equipment, and Furniture	52,252	51,601
	70,028	69,377
Less: Accumulated Depreciation	(68,464)	(65,647)
Net Fixed Assets	1,564	3,730
Investments		
Certificates of Deposits/Mutual Funds	340,467	335,860
Total Investments	340,467	335,860
Total Assets	\$ 502,006	\$ 425,944
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable to Affiliates	\$ 11,402	\$ 15,723
Accounts Payable	64,878	5,455
Pension Payable	7,358	1,443
Payroll Taxes Payable	7,968	0
Total Current Liabilities	91,606	22,621
Net Assets		
Unrestricted		
Operating	310,400	303,323
Board Designated	100,000	100,000
Total Unrestricted Net Assets	410,400	403,323
Total Liabilities and Net Assets	\$ 502,006	\$ 425,944

See accompanying notes.

# NAMI TENNESSEE

## STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2007 and 2006

	<i>2007</i>		
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
Public Support and Revenue:			
Public Support:			
Government Grants	\$ 0	719,487	\$ 719,487
Other Contributions	88,731	0	88,731
Non-cash Contributions	2,899	0	2,899
Total Public Support	91,630	719,487	811,117
Revenue:			
Membership Dues	3,009	0	3,009
Investment Income	30,033	0	30,033
Total Revenue	33,042	0	33,042
Total Public Support and Revenue	124,672	719,487	844,159
Expenses:			
Program Services	76,782	719,487	796,269
Management and General	38,526	0	38,526
Fundraising	2,287	0	2,287
Total Expenses	117,595	719,487	837,082
Changes in Net Assets	7,077	0	7,077
Net Assets, Beginning of Year	403,323	0	403,323
Net Assets, End of Year	\$ 410,400	0	\$ 410,400

	2006		
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
Public Support and Revenue:			
Public Support:			
Government Grants	\$ 0	629,445	\$ 629,445
Other Contributions	88,887	0	88,887
Non-cash Contributions	4,104	0	4,104
Total Public Support	92,991	629,445	722,436
Revenue:			
Membership Dues	7,668	0	7,668
Investment Income	3,566	0	3,566
Total Revenue	11,234	0	11,234
Total Public Support and Revenue	104,225	629,445	733,670
Expenses:			
Program Services	75,658	629,445	705,103
Management and General	40,066	0	40,066
Fundraising	76,629	0	76,629
Total Expenses	192,353	629,445	821,798
Changes in Net Assets	(88,128)	0	(88,128)
Net Assets, Beginning of Year	491,451	0	491,451
Net Assets, End of Year	\$ 403,323	0	\$ 403,323



*NAMI TENNESSEE*

STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 7,077	\$ (88,128)
Adjustment to Reconcile Changes in Net Assets to Net Cash Provided by Operations:		
Depreciation	2,817	5,405
<Increase> Decrease in Grants Receivable	(73,539)	(10,448)
<Increase> Decrease in Memberships Receivable	(1,178)	0
<Decrease> Increase in Accounts Payable	59,423	(13,485)
<Decrease> Increase in Payable to Affiliates	(4,321)	5,831
<Decrease> Increase in Payroll Taxes Payable/Pension Payable	13,883	1,443
<b>NET CASH &lt;USED&gt; PROVIDED BY OPERATING ACTIVITIES</b>	<u>4,162</u>	<u>(99,382)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment	<u>(651)</u>	<u>0</u>
<b>NET CASH &lt;USED&gt; PROVIDED BY INVESTING ACTIVITIES</b>	<u>(651)</u>	<u>0</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Investment in Certificates of Deposits and Mutual Funds	<u>(4,607)</u>	<u>(16,522)</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(4,607)</u>	<u>(16,522)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,096)	(115,904)
<b>CASH AT BEGINNING OF YEAR</b>	<u>35,207</u>	<u>151,111</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 34,111</u></u>	<u><u>\$ 35,207</u></u>

# NAMI TENNESSEE

## STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2007 and 2006

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>2007 Total</i>
Allocations to Affiliates	\$ 27,953		\$ 0	\$ 27,953
Salaries and Wages	312,976	16,472	0	329,448
Payroll Taxes	28,954	1,524	0	30,478
Employee Benefits	40,394	2,126	0	42,520
Audit	0	3,500	0	3,500
Professional Services	81,056	0	0	81,056
Printing, Copying, Postage	32,167	3,784	1,892	37,843
Supplies	22,783	2,532	0	25,315
Telephone, Utilities	21,405	2,378	0	23,783
Fundraising	0	0	395	395
Office Rent	23,040	2,560	0	25,600
Equipment Rental and Maintenance	7,500	833	0	8,333
Travel/Conference/Conventions	167,582	0	0	167,582
Insurance	6,638	0	0	6,638
Miscellaneous	17,040	0	0	17,040
Employee and Organizational Development	6,781	0	0	6,781
Depreciation	0	2,817	0	2,817
Total Expenses	<u>\$ 796,269</u>	<u>\$ 38,526</u>	<u>\$ 2,287</u>	<u>\$ 837,082</u>

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>2006 Total</i>
Allocations to Affiliates	\$ 29,543	\$ 0	\$ 0	\$ 29,543
Salaries and Wages	306,631	16,138	0	322,769
Payroll Taxes	29,512	1,553	0	31,065
Employee Benefits	27,439	1,444	0	28,883
Audit	0	3,000	0	3,000
Professional Services	26,836	0	0	26,836
Printing, Copying, Postage	42,140	4,957	2,478	49,575
Supplies	12,706	1,412	0	14,118
Telephone, Utilities	19,266	2,140	0	21,406
Fundraising	0	0	74,151	74,151
Office Rent	24,322	2,702	0	27,024
Equipment Rental and Maintenance	11,833	1,315	0	13,148
Travel/Conference/Conventions	111,026	0	0	111,026
Insurance	7,283	0	0	7,283
Miscellaneous	9,767	0	0	9,767
Employee and Organizational Development	46,799	0	0	46,799
Depreciation	0	5,405	0	5,405
Total Expenses	<u>\$ 705,103</u>	<u>\$ 40,066</u>	<u>\$ 76,629</u>	<u>\$ 821,798</u>

*NAMI TENNESSEE*

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

**Contributions** – Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**Property and Equipment** – Property and equipment are carried at cost. Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income as incurred. Significant renewals and betterment are capitalized.

**Donated Services** – No amounts have been included for donated services since it is not practicable to determine the value of such services, and the Organization does not exercise control over the employment and duties of the donor.

## *NAMI TENNESSEE*

### NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

**Income Taxes** – NAMI Tennessee, a nonprofit corporation operating under section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal and state income taxes and, accordingly, no provision for income taxes is included in the financial statements.

**Functional Allocation of Expenses** – The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Cash Equivalents** – For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Compensated Absences** – Employees can accrue up to twelve (12) working days of sick leave each year with a maximum accrual of sixty (60) days. Employees are entitled to fifteen (15) working days of vacation per year with a maximum accrual of twenty (20) days. Leave with pay may be granted to attend conferences. Educational leave without pay may be granted for continuing education.

## 2. GRANTS

NAMI Tennessee provides the following services for persons with mental illness and affiliate groups consisting of families with a member who has a mental illness or on their behalf:

1. Organize and support family advocacy groups
2. Coordinate state-wide advocacy efforts
3. Organize and implement the Annual Tennessee Family Support Conference

These services are provided under primary operating grants from the State of Tennessee, Department of Health and Department of Mental Health and Developmental Disabilities.



*NAMI TENNESSEE*

NOTES TO FINANCIAL STATEMENTS

June 30, 2007 and 2006

3. OPERATING LEASE

An office was opened in Nashville, Tennessee beginning May 1, 2004. There was no rent for the first three months with rent beginning in August 2004 at the rate of \$2,132.44 monthly. Future minimum rental payments under the five-year lease are as follows:

	<u>2007</u>	<u>2006</u>
June 30, 2007	\$ 0	\$ 27,128
June 30, 2008	27,931	27,931
June 30, 2009	28,734	28,734
June 30, 2010	<u>2,400</u>	<u>2,400</u>
	<u>\$ 59,065</u>	<u>\$ 86,193</u>

4. INVESTMENTS

The Organization has an investment into CD's held by a brokerage firm. The CD's mature at different intervals with different interest rates. As CD's matured, some money has been put into a mutual fund. The value of this investment is:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Market	<u>\$ 340,467</u>	<u>\$ 335,986</u>
Cost	<u>\$ 344,834</u>	<u>\$ 352,992</u>

5. BOARD DESIGNATED NET ASSETS

A bequest of \$100,000 was received in 1997 and it was decided to hold this money as an endowment not to be used for current expenses, but to be kept in secure investments (see Note 4) and to be managed by a standing Endowment Committee.