

NAMI of DuPage County, Illinois

**Financial Statements
with
Independent Auditor's Report**

For the Year Ended June 30, 2014

NAMI of DuPage County, Illinois
Contents

PAGE	2	-	INDEPENDENT AUDITOR’S REPORT
PAGE	3	-	STATEMENT OF FINANCIAL POSITION
PAGE	4	-	STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
PAGE	5	-	SCHEDULE OF FUNCTIONAL EXPENSES
PAGE	6	-	STATEMENT OF CASH FLOWS
PAGE	7 - 12	-	SELECTED NOTES TO FINANCIAL STATEMENT

JONLYN & ASSOCIATES, INC.
Certified Public Accountants
1776 S. Naperville Road
Wheaton, IL 60189
(630) 690-0995

To the Board of Directors
NAMI of DuPage County, Illinois
2100 Manchester Road, Building B, Suite 925
Wheaton, IL 60187

Independent Auditor's Report

We have audited the accompanying statement of financial position of NAMI of DuPage County, Illinois (a non-profit organization) for the year ended June 30, 2014 and the related statement of activities and changes in net assets, functional expenses, and cash flows for the twelve months then ended. These financial statements are the responsibility of NAMI of DuPage County, Illinois management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 of DuPage County, Illinois at June 30, 2014 and the changes in its net assets and cash flows for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.

John V. Pezzullo, CPA

Wheaton, Illinois
November 20, 2014

NAMI of DuPage County, Illinois
Statement of Financial Position
As of June 30, 2014

	<u>2014</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 121,578
Accounts receivable (net of reserve for uncollectible accounts of \$0)	79,430
Grants receivable	-
Prepaid expenses	8,160
Investments	274,076
Total current assets	483,244
PROPERTY AND EQUIPMENT	
Property and equipment	905,936
Less: Accumulated depreciation	(519,161)
	386,775
Other assets	
Endowment fund	373,727
<u>TOTAL ASSETS</u>	\$ 1,243,746
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 21,928
Accrued expenses	17,151
Credit cards	221
Memberships dues	3,843
Employee benefits	5,979
Payroll liabilities	16
Line of credit	-
Current portion of long-term debt	4,593
Total current liabilities	53,731
Long-term debt - Less current portion	435,811
Total liabilities	489,542
Net assets	
Unrestricted	268,427
Temporarily restricted	112,050
Permanently restricted	373,727
Total net assets	754,204
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 1,243,746

See independent auditor's report and notes to financial statements

NAMI of DuPage County, Illinois
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Support and revenue				
Special events	\$ 134,073	\$ -	\$ -	\$ 134,073
Program service revenue	24,510	-	-	24,510
Grants and donations	203,673	112,050	-	315,723
In-Kind revenues gifts & service	222,558	-	-	222,558
Rental income	62,400	-	-	62,400
Interest and dividends	3,234	-	6,920	10,154
Membership dues	2,259	-	-	2,259
Realized gain (loss) on investments	150	-	26,327	26,477
Unrealized gain (loss) on investments	8,694	-	21,940	30,634
Miscellaneous revenue	-	-	-	-
Total contributions, grants and revenues	661,551	112,050	55,187	828,788
EXPENSES				
Program services	646,515	-	-	646,515
Management and general	71,905	-	4,788	76,693
Community	65,921	-	-	65,921
Fundraising	118,503	-	-	118,503
Total expenses	902,844	-	4,788	907,632
LOSS ON DISPOSITION OF ASSETS	(81,655)			(81,655)
CHANGE IN NET ASSETS	(322,948)	112,050	50,399	(160,499)
NET ASSETS - BEGINNING OF YEAR	411,025	165,150	338,528	914,703
NET ASSETS RELEASED FROM RESTRICTIONS	180,350	(165,150)	(15,200)	-
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 268,427</u>	<u>\$ 112,050</u>	<u>\$ 373,727</u>	<u>\$ 754,204</u>

See independent auditor's report and notes to financial statements

NAMI of DuPage County, Illinois
Schedule of Functional Expenses
For the Year Ended June 30, 2014

	Program Services						Supporting Services			FY Total
	Consumer Services	General Education	Hospital Recovery	School Education	Housing	Total Programs	Community Campaign	Fundraising & Development	Management & General	
SALARIES & RELATED EXPENSES										
Salaries & wages	\$ 76,059	\$ 68,159	\$ 53,542	\$ 61,978	\$ 7,237	\$ 266,975	\$ -	\$ 21,989	\$ 3,680	\$ 292,644
Employee benefits & workmans compensation ins.						-			1,513	1,513
Payroll taxes	4,887	3,393	2,297	3,765		14,342	-	8,276	7,684	30,302
TOTAL SALARIES & RELATED EXPENSES	\$ 80,946	\$ 71,552	\$ 55,839	\$ 65,743	\$ 7,237	\$ 281,317	\$ -	\$ 30,265	\$ 12,877	\$ 324,459
OPERATING EXPENSES										
Bank service charges						-			9,464	9,464
Books, subscriptions, reference materials	240			146		386			278	664
Computer equipment & software purchases		468				468	-	3,127	5,918	9,513
Contract services (auditing,payroll,consulting)	161	171	192	161		685	-	323	10,040	11,048
Consumer support-consumer help benefits paid	13,414					13,414				13,414
Consumer support-drop-in centers and support groups	10,730					10,730				10,730
Donations, memberships in other organizations					110	110	-	1,939	1,000	3,049
Fundraising expenses		40				40	65,921	50,858	59	116,878
Hospitality, volunteer appreciation	500	338	167	371	61	1,437			1,492	2,929
Insurance-property, liability, directors & officers						941			5,064	6,005
Interest expense on mortgage						9,480			3,628	13,108
Marketing & Public Relations						-			1,516	1,516
Meetings & conferences		335		60		395	-	160	1,058	1,613
Miscellaneous expense-business registrations						-	-	1,160	(1,950)	(790)
Miscellaneous rental expense						1,735				1,735
Occupancy-rent, utilities & janitorial	36,211	9,606	7,389	5,912	2,216	61,334	-	7,390	(1,277)	67,447
Postage & mailing services				682		682			2,384	3,066
Printing & copying	6,778	4,841	2,299	2,324		16,242	-	506	2,119	18,867
Professional development & program training		190		99		289				289
Repairs & maintenance-group homes					2,016	2,016				2,016
Stipends-programs		2,771	6,350	9,630		18,751				18,751
Supplies	1,076	1,518	190	1,458		4,242	-	1,329	760	6,331
Telephone, cell phones, internet, website				1,050		1,050			2,884	3,934
Travel expenses (mileage & parking)		430	156	790		1,376			1,387	2,763
TOTAL OPERATING EXPENSES	\$ 69,110	\$ 20,708	\$ 16,743	\$ 22,683	\$ 16,559	\$ 145,803	\$ 65,921	\$ 66,792	\$ 45,824	\$ 324,340
TOTAL SALARIES & OPERATING EXPENSES BEFORE DEPRECIATION	\$ 150,056	\$ 92,260	\$ 72,582	\$ 88,426	\$ 23,796	\$ 427,120	\$ 65,921	\$ 97,057	\$ 58,701	\$ 648,799
In kind goods and volunteer services	64,992	51,018	32,286	22,756	11,946	182,998		21,056	17,765	221,819
Depreciation	1,496	488	358	293	33,762	36,397		390	227	37,014
TOTAL EXPENSES	\$ 216,544	\$ 143,766	\$ 105,226	\$ 111,475	\$ 69,504	\$ 646,515	\$ 65,921	\$ 118,503	\$ 76,693	\$ 907,632

NAMI of DuPage County, Illinois
Statement of Cash Flows
For the Year Ended June 30, 2014

	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets (decrease)	\$ (160,499)
Adjustments to Reconcile changes in net assets to net cash (used) by operating activities:	
Depreciation	37,014
Net (gain) loss on investments - unrealized	(30,634)
Changes in:	
(Increase) decrease in accounts receivable	(13,265)
(Increase) decrease in prepaid expenses	(7,160)
(Increase) decrease in grants receivable	30,500
(Increase) decrease in investments	(149,366)
Increase (decrease) in accounts payable	(20,904)
Increase (decrease) in accrued expenses	5,392
Increase (decrease) in credit cards	51
Increase (decrease) in memberships due	3,403
Increase (decrease) in employee benefits	(3,208)
Increase (decrease) in short term debt	<u>(59,735)</u>
Net cash provided (used) by operating activities	(368,411)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale/(Purchase) of property and equipment	377,500
Proceeds from investments	<u>64,800</u>
Net cash (used) by investing activities	442,300
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on long-term debt	<u>4,207</u>
Net cash provided by financing activities	4,207
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	78,096
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>43,482</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 121,578</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	\$ 13,108

See independent auditor's report and notes to financial statements

NAMI of DuPage County, Illinois
Notes to Financial Statements
As of June 30, 2014

1. **Nature of Organization**

NAMI of DuPage County, Illinois (the Organization), an Illinois not-for-profit corporation was founded in 1985 and is dedicated to the welfare of persons with chronic mental illness. Its mission is to provide support, advocacy and education in order to improve the quality of life of individuals with mental illness and their families.

The Organization is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code. Its federal identification number is 36-3412057.

The Organization maintains a website at www.namidupage.org.

2. **Summary of Significant Accounting Policies**

The financial statement presentation follows Accounting Standards Codification (ASC) Topic No. 958, "Not-for-Profit Entities." Under ASC Topic No. 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) based on the existence or absence of donor-imposed restrictions. As permitted by ASC Topic No. 958 donor temporarily restricted contributions whose restrictions are met in the same reporting period are included in unrestricted support.

Revenue and Expenses

Revenue and expenses are recorded on the accrual basis. Contributions and grants are recognized when awarded. Promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that either expire by passage of time or can be fulfilled and removed by action of the Organization or in permanently restricted net assets if such contributions are non-extendable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Expenses, which are common to program and support services, are allocated on a basis determined by management.

NAMI of DuPage County, Illinois
Notes to Financial Statements
As of June 30, 2014

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased to be cash equivalents are considered as cash. Cash and cash equivalents for purpose of the statement of cash flows exclude permanently restricted cash and 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.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of the individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts is \$0 as of June 30, 2014.

NAMI of DuPage County, Illinois
Notes to Financial Statements
As of June 30, 2014

Property and Equipment

The Organizations' assets are stated at cost. Depreciation is provided on the straight-line method for financial reporting purposes at rates based on the following estimated useful lives.

Building	27.5 years
Leasehold Improvements	10-27.5 years
Furniture & Equipment	5-7 years

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income; except for assets traded. Expenditures for maintenance and repairs are charged to expense as incurred; replacements are capitalized.

Investments

Investment securities are stated at fair value based on quoted market prices or market prices for similar securities. Unrealized gains and losses are recognized based on change in fair value and are reported as a component of investment income. Realized gains and losses are recognized using the average cost method and are reported as a component of investment income.

The Organization has maintained an endowment account as part of its investment portfolio. The endowment funds represent restricted assets that cannot be used for the day-to-day business operations. In previous years, the net assets of the fund were reported as part of unrestricted net assets. In 2009, a change was made to appropriately account for the endowment in the permanently restricted fund of net assets section of the balance sheet.

During 2013/2014, the endowment fund experienced an increase of \$50,399. Contributions totaled \$0 and investments increased by \$55,187. Management and administrative fees were \$4,788.

Investment income includes the following for the year ended June 30, 2014:

	<u>2014</u>
Interest and dividends	\$ 10,154
Unrealized gain (loss) on securities	30,634
Realized gain (loss) on sale of securities	<u>26,477</u>
Total investment return (loss)	<u>\$ 67,265</u>

NAMI of DuPage County, Illinois
Notes to Financial Statements
As of June 30, 2014

3. **Notes Payable**

The Organization has a Line of Credit of \$200,000, interest payable monthly in arrears at the prime rate (3.250% at June 30, 2014.) Principal is due on demand. The Line of Credit is secured by real property owned by the Organization.

4. **Long-Term Debt**

Long-term debt consists of the following:

	<u>2014</u> <u>Total</u>	<u>Current</u> <u>Portion</u>
A note payable to County of DuPage is due on demand with no interest. The loan is collateralized by real estate. The total unpaid balance as of the balance sheet date was-	\$ 188,738	\$ 0
A note payable to Chicago Title and Trust Company is due on demand with no interest. The loan is collateralized by real estate. The total unpaid balance as of the balance sheet date was-	<u>96,788</u>	<u>0</u>
Forgivable notes debt subtotal	285,526	0
A note payable to Harris Bank is an installment obligation payable \$1,140.64 per month, principle and interest at 5.875%, maturing May 2, 2033. The loan is collateralized by real estate.	<u>154,878</u>	<u>4,593</u>
Total	<u>\$ 440,404</u>	<u>\$ 4,593</u>
Less: Current portion	<u>4,593</u>	
Total Long-term debt – less current portion	<u>\$ 435,811</u>	

All of the forgivable notes are secured by the group home real estate. As a condition for forgiveness, it is required that the group homes be operated for the benefit of low-income people with mental illness through-out the period stipulated by the note. Default on the covenants of the note would trigger immediate payment of the note.

NAMI of DuPage County, Illinois
Notes to Financial Statements
As of June 30, 2014

The note payable to the County of DuPage is forgivable on February 5, 2033. Default on any of the covenants of this note would require payment of the original principal plus 51.22% of the equity in the property.

The note payable to Chicago Title and Trust Company is forgivable on September 7, 2034.

Future maturities for long term debt are as follows:

For the year ended June 30,	2015	4,593
	2016	4,850
	2017	5,171
	2018	5,487
	Thereafter	<u>420,303</u>
	<u>TOTAL</u>	<u>\$ 440,404</u>

5. **Lease Commitments**

The Organization rents office space under an operating lease that calls for monthly payments ranging from \$4,663 to \$4,849 and expires on September 30, 2014. In accordance with generally accepted accounting principles, the Organization recognizes rents from the office space on a straight line basis over the life of the lease.

The Organization leases a copier under an operating lease that calls for monthly payment of \$699 effective July 20, 2012 through July 20, 2017. Payments due under non-cancelable leases as of June 30, 2014 are as follows:

For the year ended June 30,	2015	22,933
	2016	8,385
	2017	8,385
	Thereafter	<u>1,398</u>
	<u>TOTAL</u>	<u>\$ 41,101</u>

The Organization is the lessor of two group homes in Naperville and Glen Ellyn under separate operating leases that expire on February 28, 2015. Starting in the fiscal year ending June 30, 2011, the board has begun to designate a portion of unrestricted net assets as a reserve for housing repairs. As of June 30, 2014 the housing reserve is \$8,160, which is included in unrestricted net assets.

NAMI of DuPage County, Illinois
Notes to Financial Statements
As of June 30, 2014

6. **Income Taxes**

The Internal Revenue Service records indicate that a determination letter was issued in May 1986, that recognized the Organization as exempt from Federal income tax, and discloses that the Organization is currently exempt under section 501(c)(3), of the Internal Revenue Code.

The Internal Revenue Service records also indicate that the Organization is not a private foundation within the meaning of section 509(a) of the Code because the Organization is described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to the Organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to the Organization for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

This was re-affirmed by the Internal Revenue Service on February 8, 2008. There have been no recent IRS audits of the Organization's books.

The Organization is registered with the Illinois Attorney General's Office as a charitable organization under charitable registration number CO 01020157.

7. **Volunteers**

The Organization records contributed services that are of a professional nature or have enhanced a non-financial asset. The Organization recorded contributed services of \$221,819 for the year ended June 30, 2014.

8. **Subsequent Events**

The Organization has evaluated subsequent events through January 25, 2015 the date which the financials were available to be issued.

The Organization has recently announced a partnership with the DuPage County Health Department for plans for a new state of the art behavioral health facility. The proposed facility will be located off Manchester road and will house NAMI of Dupage's current programming as well as new services and resources.

No other significant subsequent events were noted.