

NAMI GEORGIA, INC.

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

APRIL 30, 2018 AND 2017

NAMI GEORGIA, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
NAMI Georgia, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of NAMI Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of April 30, 2018 and 2017, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 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 Georgia, Inc. as of April 30, 2018 and 2017, 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.

*Brooks, McGinnis & Company, LLC*

Atlanta, Georgia  
September 11, 2018

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NAMI GEORGIA, INC.  
STATEMENTS OF FINANCIAL POSITION  
APRIL 30, 2018 AND 2017

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 521,659	\$ 625,525
Contracts and other receivables	117,650	45,365
Receivable from affiliate	12,000	-
Prepays and other current assets	16,917	9,107
Investments	25,521	24,239
Deposit	1,500	1,500
Office furniture and equipment, net	7,630	9,048
Total assets	\$ 702,877	\$ 714,784
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 54,273	\$ 57,225
Payables to affiliates	36,520	10,456
Accrued salaries	25,515	9,637
Deferred revenue	5,367	4,473
Total liabilities	121,675	81,791
Commitments and contingencies		
Net assets:		
Unrestricted:		
Designated for local affiliates operations	28,464	-
Undesignated	521,277	627,521
Total unrestricted net assets	549,741	627,521
Temporarily restricted net assets	31,461	5,472
Total net assets	581,202	632,993
Total liabilities and net assets	\$ 702,877	\$ 714,784

The accompanying notes are an integral part of these financial statements.

NAMI GEORGIA, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED APRIL 30, 2018 AND 2017

	2018	2017
Changes in unrestricted net assets:		
Revenues, gains and support:		
Grants and contracts	\$ 440,818	\$ 668,912
Contributions	91,398	72,052
Special events - NAMI Walks revenue, net of \$22,884 and \$9,853 in direct expenses	156,019	134,989
Membership dues	9,985	7,484
Annual conference and other program revenue	6,138	7,362
In kind donations	115,313	80,480
Investment return	1,274	1,624
Other income	15,827	-
Total unrestricted revenue	836,772	972,903
Net assets released from restrictions	2,197	-
Total unrestricted revenues, gains and support	838,969	972,903
Expenses:		
Program services	749,983	717,279
General and administrative	91,943	100,051
Fundraising	74,823	37,546
Total expenses	916,749	854,876
Increase (decrease) in unrestricted net assets	(77,780)	118,027
Changes in temporarily restricted net assets:		
Restricted contributions	28,186	5,472
Net assets released from restrictions	(2,197)	-
Increase in temporarily restricted net assets	25,989	5,472
Increase (decrease) in total net assets	(51,791)	123,499
Net assets, beginning of year	632,993	509,494
Net assets, end of year	\$ 581,202	\$ 632,993

The accompanying notes are an integral part of these financial statements.

NAMI GEORGIA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel	\$ 283,964	\$ 43,294	\$ 41,686	\$ 368,944
Contract labor	50,009	13,800	2,688	66,497
Professional fees	168,034	16,450	22,022	206,506
Travel	35,099	2,054	544	37,697
Program training supplies	116,764	-	-	116,764
Occupancy	21,471	3,054	1,938	26,463
Office supplies	-	2,323	846	3,169
Printing	32,257	3,462	199	35,918
Telecommunications	8,712	621	-	9,333
Insurance	5,313	498	787	6,598
Equipment rental	4,041	669	489	5,199
Meals and entertainment	188	104	304	596
Other expense	2,098	492	798	3,388
Postage	6,429	606	589	7,624
Convention and meetings	309	3,593	-	3,902
Public awareness	8,817	220	1,271	10,308
Dues and subscriptions	3,999	411	516	4,926
	<u>747,504</u>	<u>91,651</u>	<u>74,677</u>	<u>913,832</u>
Depreciation	<u>2,479</u>	<u>292</u>	<u>146</u>	<u>2,917</u>
Total expenses	<u>\$ 749,983</u>	<u>\$ 91,943</u>	<u>\$ 74,823</u>	<u>\$ 916,749</u>

The accompanying notes are an integral part of these financial statements.

NAMI GEORGIA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel	\$ 149,600	\$ 27,988	\$ 9,347	\$ 186,935
Contract labor	116,192	19,612	17,942	153,746
Professional fees	131,490	32,645	4,787	168,922
Travel	67,829	318	159	68,306
Program training supplies	161,630	-	-	161,630
Occupancy	21,923	2,579	1,290	25,792
Office supplies	-	1,869	935	2,804
Printing	16,281	1,849	924	19,054
Telecommunications	7,837	922	461	9,220
Insurance	8,959	1,054	527	10,540
Equipment rental	6,103	718	359	7,180
Meals and entertainment	6,897	139	70	7,106
Other expense	1,058	7,599	67	8,724
Postage	5,756	149	75	5,980
Convention and meetings	3,370	1,135	351	4,856
Public awareness	8,065	971	-	9,036
Dues and subscriptions	3,402	400	200	4,002
	<u>716,392</u>	<u>99,947</u>	<u>37,494</u>	<u>853,833</u>
Depreciation	<u>887</u>	<u>104</u>	<u>52</u>	<u>1,043</u>
Total expenses	<u>\$ 717,279</u>	<u>\$ 100,051</u>	<u>\$ 37,546</u>	<u>\$ 854,876</u>

The accompanying notes are an integral part of these financial statements.

NAMI GEORGIA, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED APRIL 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (51,791)	\$ 123,499
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in ) operations:		
Depreciation	2,917	1,043
Net realized and unrealized gain on investments	(551)	(776)
In kind donation of furniture	-	(4,800)
(Increase) decrease in:		
Contracts and other receivables	(72,285)	68,423
Receivable from affiliate	(12,000)	-
Prepays and other current assets	(7,811)	(7,879)
Increase (decrease) in:		
Accounts payable	(2,952)	33,887
Payables to affiliates	26,064	1,241
Accrued salaries	15,878	9,637
Deferred revenue	894	4,473
Total adjustments	(49,846)	105,249
Net cash provided by (used in) operating activities	(101,637)	228,748
Cash flows from investing activities:		
Reinvestment of dividends	(730)	(692)
Acquisition of equipment	(1,499)	(3,998)
Net cash used in investing activities	(2,229)	(4,690)
Net increase (decrease) in cash and cash equivalents	(103,866)	224,058
Cash and cash equivalents, beginning of year	625,525	401,467
Cash and cash equivalents, end of year	\$ 521,659	\$ 625,525

The accompanying notes are an integral part of these financial statements.

NAMI GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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1. Nature of Organization and Significant Accounting Policies

Organization

NAMI Georgia, Inc. (the Organization ) is a nonprofit organization incorporated under the laws of the state of Georgia in February 1982. NAMI Georgia, Inc. together with its national affiliate, The National Alliance on Mental Illness, is the nation’s largest grassroots mental health organization dedicated to building better lives for millions of Americans affected by mental illness. The goals of The National Alliance on Mental Illness are to: advocate at the county, state and national levels for non-discriminatory access to quality healthcare, housing, education and employment for people with mental illness; educate the public about mental illness; work to eliminate the stigma of mental illness; and advocate for increased funding for research into the causes and treatment of mental illness.

NAMI Georgia, Inc. is a volunteer-driven organization dedicated to empowering its affiliates in educating, advocating for, and supporting persons living with mental illnesses as well as their families. Across the state of Georgia, 18 local affiliates and hundreds of trained volunteers work together to provide peer-led programs and weekly support groups to communities across the state. These programs and support groups provide free education, skills training, and support. For the year ended April 30, 2017, these financial statements do not include the accounts of these local Georgia affiliates. During fiscal 2018, six of these local Georgia affiliates were combined with the Organization, and therefore, the activities and account balances of the Organization and those six Georgia affiliates are included in these financial statements for the year ended April 30, 2018.

The Organization is supported through state and local government grants and contracts as well as contributions from members and the general public.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and in accordance with standards adopted by the American Institute of Certified Public Accountants for certain nonprofit organizations. Under this method of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which they are incurred.

Financial Statement Presentation

GAAP requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted net assets described as follows:

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

NAMI GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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1. Nature of Organization and Significant Accounting Policies – Continued

Financial Statement Presentation – Continued

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 statements of activities as net assets released from restriction.

Permanently restricted net assets – Net assets subject to donor imposed stipulations that must be maintained permanently by the Organization. As of April 30, 2018 and 2017, the Organization had no permanently restricted net assets.

Contributions

In accordance with GAAP, contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. 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.

Donated Office Furniture and Equipment and Services

All non-cash gifts (other than personal services) are recorded at their estimated fair market value at the date of receipt. Donations of office furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. For the year ended April 30, 2017, the fair market value of donated office furniture of \$4,800 has been recognized as in kind revenue in the accompanying statements of activities. There were no such donations in fiscal 2018.

A substantial number of volunteers have donated significant amounts of their time to the Organization's programs and supporting services. In accordance with GAAP, if donated services either created or enhanced non-financial assets or required specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded. For the years ended April 30, 2018 and 2017, the estimated value of the donated services which meet the above requirements and have been reflected in these financial statements at the fair value of the services received was approximately \$115,313 and \$75,680, respectively, and is reflected in these financial statements as in kind donations.

NAMI GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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1. Nature of Organization and Significant Accounting Policies – Continued

Revenue Recognition

Special events revenue is recognized in the period in which the event is held. Membership dues received in the same year they are due are recognized as current revenue in that year.

Deferred Revenue

Deferred revenue represents the amount of event sponsorships received and relating to the subsequent year. The amounts are recognized as revenue in the year the event is held.

Estimates

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

Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents consist of cash held in demand deposit accounts. For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at April 30, 2018 and 2017. The uninsured portion of bank balances at April 30, 2018 and 2017 totaled \$279,520 and \$406,550, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values with gains and losses included in the statements of activities.

Office Furniture and Equipment, Net

Office furniture and equipment is recorded at cost. Beginning in fiscal 2018, the Organization capitalizes property and equipment additions greater than \$1,000 (increased from \$500 prior to fiscal 2018). Depreciation of office furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Furniture	10 years
Office equipment	3 - 10 years

NAMI GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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1. Nature of Organization and Significant Accounting Policies – Continued

Tax Exempt Status

The Organization is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management has analyzed the tax positions taken by the Organization, and has concluded that as of April 30, 2018 and 2017, there were no uncertain positions taken or suspected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying financial statements. The IRS Form 990's are subject to examination by the appropriate regulatory authorities for all open years, which typically include the last three years filed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited as required by GAAP.

Advertising Costs

Advertising costs are expensed as incurred.

Reclassification

Certain amounts previously reported have been reclassified to conform to the current year financial statement presentation.

Subsequent Events

Subsequent events have been evaluated through September 11, 2018, which is the date the financial statements were available to be issued, and there were no significant subsequent events.

2. Investments

The Organization classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with professional standards, as follows:

*Level 1* – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

NAMI GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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2. Investments – Continued

*Level 2* – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs that are unobservable and significant to the overall fair value measurement .

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At April 30, 2018 and 2017, investments of \$25,521 and \$24,239, respectively, are invested in a large value mutual fund. The Organization's direct investments in the mutual fund consists of equity and fixed income components and are exchange-traded mutual funds. Accordingly, the Organization's direct investments in equity security investments are Level 1 investments.

Any investment income or loss (including realized and unrealized gains and/or losses, interest and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless restricted by donor or law. Expenses relating to investment revenues, including custodial fees and investment advisory fees have been netted with investment return in the accompanying statements of activities.

Investment Policy

The Organization has adopted investment and spending policies for the prudent investment of its investment assets. The Organization's Board has fiduciary responsibility for directing and monitoring the investment management of the assets. The investment plan is reviewed at least annually to determine whether it is still appropriate. This policy governs asset allocation, diversification and other matters relevant to the prudent investment of assets while considering long-term capital market risk and return.

NAMI GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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3. Contracts and Other Receivables

Contracts and other receivables consisted of receivables recorded based on services performed in accordance with various state and local government contracts as well as receivables from contributions and special events revenue, as follows at April 30:

	2018	2017
State and local government contracts	\$ 83,245	\$ 44,865
Other receivables	34,405	500
Total contracts and other receivables	\$ 117,650	\$ 45,365

Management believes all of these receivables are collectible in fiscal 2018, and therefore, no allowance for uncollectible accounts has been established.

4. Office Furniture and Equipment, Net

The following is a summary of office furniture and equipment, net at cost as of April 30:

	2018	2017
Office furniture	\$ 4,800	\$ 4,800
Office equipment	58,615	57,116
	63,415	61,916
Less accumulated depreciation	(55,785)	(52,868)
Total office furniture and equipment, net	\$ 7,630	\$ 9,048

Depreciation expense for the years ended April 30, 2018 and 2017 is \$2,917 and \$1,043, respectively.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions the Organization has received subject to donor imposed restrictions consisting of the following at April 30:

	2018	2017
Crisis Intervention Team	\$ 11,461	\$ 5,472
Signature Program training classes	20,000	-
Total temporarily restricted net assets	\$ 31,461	\$ 5,472

NAMI GEORGIA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 APRIL 30, 2018 AND 2017

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6. Net Assets Released from Restrictions

The Organization’s temporarily restricted net assets are released from restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors for various programs. Total net assets released from restrictions for the year ended April 30, 2018 was \$2,197 for the Crisis Intervention Team. There were no releases from restrictions for the year ended April 30, 2017.

7. Operating Leases

The Organization leases office space and equipment under leases that qualify as, and are accounted for as, operating leases. Future minimum payments under the non-cancelable operating leases are as follows:

<u>Year Ending April 30,</u>	
2019	\$ 23,528
2020	24,485
2021	25,490
2022	20,801
2023	<u>4,026</u>
	<u>\$ 98,330</u>

In accordance with the office space lease agreement, early termination of the lease requires three months’ notice and a termination fee of \$18,000. Rent paid on these leases for the years ended April 30, 2018 and 2017 was \$23,258 and \$21,690, respectively.

8. Related Party Transactions

The Organization has agreements with its national affiliate, The National Alliance on Mental Illness, for apportioned membership dues, advertising, training and other assistance as well as for shared contributions and special events revenue. Accordingly, for the years ended April 30, 2018 and 2017, amounts paid to the national affiliate totaled approximately \$35,000 and \$11,000, respectively, and amounts received from the national affiliate totaled approximately \$141,000 and \$128,000, respectively. The corresponding revenues are recorded as contributions, special events – NAMI Walks revenue, membership dues and other income in the accompanying statements of activities. Corresponding expenses are recorded in the appropriate expense category in the accompanying statements of functional expenses. At April 30, 2018, there was \$12,000 due from the national affiliate, which is recorded as receivable from affiliate in the accompanying statements of financial position.

NAMI GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2018 AND 2017

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8. Related Party Transactions – Continued

The Organization also has agreements with various Georgia affiliates for apportioned membership dues, shared contributions and special events revenue. Accordingly, for the years ended April 30, 2018 and 2017, amounts paid to the Georgia affiliates totaled approximately \$61,000 and \$81,000, respectively, and amounts received from the Georgia affiliates totaled approximately \$51,000 and \$8,000, respectively. The corresponding revenues are recorded as contributions and special events – NAMI Walks revenue in the accompanying statements of activities. At April 30, 2018 and 2017, there was \$39,831 and \$10,456, respectively, due to the Georgia affiliates, which is recorded as payables to affiliates in the accompanying statements of financial position. Amounts collected by the Organization and reimbursed to affiliates for their share of membership dues, contributions and NAMI Walks special events revenue represent agency transactions and are not recorded in the accompanying statements of activities.

9. Commitments and Contingencies

For the years ended April 30, 2018 and 2017, the Organization received approximately 55% and 77%, respectively, of its current year revenue through state and local government funding. A significant reduction in the level of this support could have an adverse effect on the Organization's programs and activities. Receivables arise from reimbursements owed through these government contracts, and the Organization's ability to collect amounts due is affected by the outside agencies' acceptance of reimbursable expenses and performance-based outcomes which meet contract requirements. Grant receivables from government contracts totaled \$83,245 and \$44,865, respectively, as of April 30, 2018 and 2017, as further described in Note 3. Further, certain state and locally funded programs are routinely subject to monitoring and inspection requirements as stipulated in the contracts. Such agencies have the authority to determine liabilities as well as to limit, suspend, or terminate the programs. Since the Organization does not expect claims to arise as a result of such procedures, no provision for liabilities has been provided in the financial statements.