

NATIONAL ALLIANCE FOR THE MENTALLY ILL
OF MASSACHUSETTS, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

JUNE 30, 2009 AND 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Alliance for the Mentally Ill of Massachusetts, Inc.
Woburn, MA 01801

I have audited the accompanying statements of financial position of the National Alliance for the Mentally Ill of Massachusetts, Inc. (a non-profit organization) for the years ended June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the National Alliance for the Mentally Ill of Massachusetts, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Alliance for the Mentally Ill of Massachusetts, Inc. as of June 30, 2009 and 2008, 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.

Daniel F. Friel, CPA, PC

October 21, 2009

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	ASSETS	<u>2009</u>	<u>2008</u>
Current assets:			
Cash		\$541,655	\$487,220
Receivables		34,259	39,137
Prepaid expenses		<u>2,554</u>	<u>6,220</u>
Total current assets		578,468	532,577
Other asset:			
Security deposit		<u>6,200</u>	<u>6,200</u>
TOTAL ASSETS		<u>\$584,668</u>	<u>\$538,777</u>
	LIABILITIES AND NET ASSETS		
Current liabilities:			
Accounts payable		\$ 32,116	\$ 32,302
Due to 501(c)(3) affiliates (Walk)		<u>53,724</u>	<u>53,452</u>
Total liabilities		85,840	85,754
Net assets:			
Unrestricted		450,031	433,230
Temporarily restricted		<u>48,797</u>	<u>19,793</u>
Total net assets		<u>498,828</u>	<u>453,023</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$584,668</u>	<u>\$538,777</u>

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Revenue and support:				
DMH Grant	\$244,738	\$ 0	\$244,738	\$244,738
Other Grants	0	90,090	90,090	38,005
NAMIWalks, net of costs	217,162	15,149	232,311	241,538
State Convention	19,254	0	19,254	14,515
Contributions	115,406	0	115,406	103,140
Memberships	22,604	0	22,604	17,078
Interest income	7,185	0	7,185	11,872
<i>Net assets released from restrictions; satisfaction of program restrictions</i>	<u>76,235</u>	<u>(76,235)</u>	<u>0</u>	<u>0</u>
Total revenue and support	<u>702,584</u>	<u>29,004</u>	<u>731,588</u>	<u>670,886</u>
Functional expenses:				
Program services	617,881	0	617,881	576,132
General and administrative	30,255	0	30,255	32,570
Fund raising	<u>37,647</u>	<u>0</u>	<u>37,647</u>	<u>40,384</u>
Total functional expenses	<u>685,783</u>	<u>0</u>	<u>685,783</u>	<u>649,086</u>
Change in net assets	16,801	29,004	45,805	21,800
Net assets, beginning of period	<u>433,230</u>	<u>19,793</u>	<u>453,023</u>	<u>431,223</u>
NET ASSETS, END OF PERIOD	<u>\$450,031</u>	<u>\$ 48,797</u>	<u>\$498,828</u>	<u>\$453,023</u>

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	Total Program Costs	General and Administrative	Fund Raising	2009 Total
Salaries	\$302,733	\$ 13,045	\$ 27,333	\$343,111
Payroll taxes	30,568	1,305	2,734	34,607
Employee benefits	<u>28,978</u>	<u>0</u>	<u>0</u>	<u>28,978</u>
Total personnel	362,279	14,350	30,067	406,696
Audit fees	0	7,605	0	7,605
Bank charges	0	3,828	0	3,828
Computer costs	3,440	0	0	3,440
Convention costs	25,937	0	0	25,937
Copier leases	4,620	0	0	4,620
Dues	8,288	0	0	8,288
Insurance, other	0	3,472	0	3,472
Office expenses	6,323	500	6,790	13,613
Outside services	74,135	0	0	74,135
Postage and mailing	10,577	500	0	11,077
Printing	27,748	0	790	28,538
Program supplies	11,419	0	0	11,419
Rent	41,470	0	0	41,470
Support, other organizations	1,275	0	0	1,275
Telephone	3,770	0	0	3,770
Training & education costs	1,301	0	0	1,301
Travel	27,522	0	0	27,522
Utilities	6,444	0	0	6,444
Website maintenance	<u>1,333</u>	<u>0</u>	<u>0</u>	<u>1,333</u>
TOTAL EXPENSES	<u>\$617,881</u>	<u>\$ 30,255</u>	<u>\$ 37,647</u>	<u>\$685,783</u>

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2009

	<u>DMH Grant Family Support & Education</u>	<u>General Advocacy Program</u>	<u>Legislative Outreach</u>	<u>Affiliate Development</u>	<u>Total Program Costs</u>
Salaries	\$123,786	\$129,882	\$ 21,000	\$ 28,065	\$302,733
Payroll taxes	6,500	19,653	1,890	2,525	30,568
Employee benefits	<u>16,575</u>	<u>12,403</u>	<u>0</u>	<u>0</u>	<u>28,978</u>
Total personnel	146,861	161,938	22,890	30,590	362,279
Computer costs	0	3,440	0	0	3,440
Convention costs	0	25,937	0	0	25,937
Copier leases	2,310	2,310	0	0	4,620
Dues	0	8,288	0	0	8,288
Office expenses	0	5,823	500	0	6,323
Outside services	25,503	48,632	0	0	74,135
Postage and mailing	5,000	1,577	0	4,000	10,577
Printing	25,819	1,929	0	0	27,748
Program supplies	11,419	0	0	0	11,419
Rent	17,000	24,470	0	0	41,470
Support, other organizations	0	1,275	0	0	1,275
Telephone	2,526	1,244	0	0	3,770
Training & education costs	1,301	0	0	0	1,301
Travel	4,727	22,795	0	0	27,522
Utilities	2,272	4,172	0	0	6,444
Web site maintenance	<u>0</u>	<u>1,333</u>	<u>0</u>	<u>0</u>	<u>1,333</u>
TOTAL EXPENSES	<u>\$244,738</u>	<u>\$315,163</u>	<u>\$ 23,390</u>	<u>\$ 34,590</u>	<u>\$617,881</u>

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

	Total Program Costs	General and Administrative	Fund Raising	2008 Total
Salaries	\$282,909	\$ 16,306	\$ 30,214	\$329,429
Payroll taxes	20,310	1,181	2,125	23,616
Employee benefits	<u>19,540</u>	<u>1,136</u>	<u>2,045</u>	<u>22,721</u>
Total personnel	322,759	18,623	34,384	375,766
Audit fees	0	7,510	0	7,510
Bank charges	0	1,601	0	1,601
Computer costs	12,351	0	0	12,351
Convention costs	31,252	0	0	31,252
Dues	6,163	0	0	6,163
Equipment leases	4,225	0	0	4,225
Insurance, other	0	3,836	0	3,836
Office expenses	9,124	500	0	9,624
Outside services	22,152	0	0	22,152
Postage and mailing	19,237	500	0	19,737
Printing	41,805	0	6,000	47,805
Program supplies	23,319	0	0	23,319
Rent	43,966	0	0	43,966
Support, other organizations	3,336	0	0	3,336
Telephone	5,699	0	0	5,699
Training & education costs	2,085	0	0	2,085
Travel	20,530	0	0	20,530
Utilities	6,815	0	0	6,815
Website maintenance	<u>1,314</u>	<u>0</u>	<u>0</u>	<u>1,314</u>
TOTAL EXPENSES	<u>\$576,132</u>	<u>\$ 32,570</u>	<u>\$ 40,384</u>	<u>\$649,086</u>

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2008

	DMH Grant Family Support & Education	General Advocacy Program	Legislative Outreach	Affiliate Development	Total Program Costs
Salaries	\$123,785	\$123,188	\$ 20,712	\$ 15,224	\$282,909
Payroll taxes	6,500	10,634	1,795	1,381	20,310
Employee benefits	<u>16,575</u>	<u>2,965</u>	<u>0</u>	<u>0</u>	<u>19,540</u>
Total personnel	146,860	136,787	22,507	16,605	322,759
Computer costs	0	12,351	0	0	12,351
Convention costs	0	31,252	0	0	31,252
Dues	0	6,163	0	0	6,163
Equipment leases	0	4,225	0	0	4,225
Office expenses	0	8,124	500	500	9,124
Outside services	14,738	7,414	0	0	22,152
Postage and mailing	6,000	9,237	0	4,000	19,237
Printing	32,000	9,805	0	0	41,805
Program supplies	15,238	8,081	0	0	23,319
Rent	17,000	26,966	0	0	43,966
Support, other organizations	0	3,336	0	0	3,336
Telephone	3,818	1,881	0	0	5,699
Training & education costs	2,085	0	0	0	2,085
Travel	4,727	15,803	0	0	20,530
Utilities	2,272	4,543	0	0	6,815
Web site maintenance	<u>0</u>	<u>1,314</u>	<u>0</u>	<u>0</u>	<u>1,314</u>
TOTAL EXPENSES	<u>\$244,738</u>	<u>\$287,282</u>	<u>\$ 23,007</u>	<u>\$ 21,105</u>	<u>\$576,132</u>

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash provided by (used in) operating activities:		
Change in net assets	\$ 45,805	\$ 53,800
(Increase) decrease in operating assets:		
Receivables	4,878	3,185
Marketable securities		0
Prepaid expenses	3,666	(3,000)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>86</u>	<u>(26,635)</u>
Net cash provided by operating activities	54,435	27,350
Cash, beginning of period	<u>487,220</u>	<u>459,870</u>
CASH, END OF PERIOD	<u>\$541,655</u>	<u>\$487,220</u>

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization - The National Alliance for the Mentally Ill of Massachusetts, Inc. (NAMI-Mass), a non-profit organization, was incorporated under Chapter 180 of the Commonwealth of Massachusetts on July 20, 1982 and provides services in the State of Massachusetts. The purposes of NAMI-Mass (the Organization) are to promote the quality of care, rights and interests of the mentally ill; to support and advocate research into the causes and eradication of mental illness; and to improve communication between mental health agencies and families of the mentally ill.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting.

Use of 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.

Net Assets - The Organization reports net assets in the statements of financial position and activities in three classes as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. The Board of Directors has discretionary control over these net assets to support the operations of the Organization.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time.

Permanently Restricted - 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.

Income Taxes - The Organization has been determined to be an organization exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

Grants and Contracts Revenue - The Organization recognizes revenue from a cost reimbursement contract with the Massachusetts Department of Mental Health when eligible costs are incurred. A receivable is recognized to the extent contract revenue earned exceeds previous reimbursements.

Contributions - NAMI-Mass receives cash contributions from various sources. Donations are recognized as support when received. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use.

Fund Raising Revenue - Fund raising revenues are disclosed net of costs incurred for the events generating the revenue.

Vacation Pay - The Organization does not accrue vacation pay as earned. The amount is not considered material.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Donated Services – Donated services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services.

Allocation of Supporting Service Expenditures - The Organization's policy is to allocate indirect program expenses to certain restricted programs based on various direct costs related to each program.

Cash – The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE B – RECEIVABLES:

Receivables consist of the following:

	June 30,	
	<u>2009</u>	<u>2008</u>
Massachusetts Department of Mental Health:		
Family Support & Education Grant	\$ 15,478	\$ 23,604
NAMIWalks contributions	18,781	13,453
Other	<u>0</u>	<u>2,080</u>
Totals	<u>\$ 34,259</u>	<u>\$ 39,137</u>

NOTE C – LEASE COMMITMENTS:

- 1) The Organization leases office space under a lease which was extended through September 30, 2008. Minimum payments due on this lease are as follows:

Year Ending <u>June 30:</u>	
2010	\$37,474
2011	\$ 9,203

- 2) The organization leased a new photocopier. Minimum payments due on this operating lease through November 22, 2009 are as follows:

Year Ending <u>June 30:</u>	
2009	\$ 3,418
2010	\$ 1,424

See accompanying notes and independent auditor's report.

NATIONAL ALLIANCE FOR THE MENTALLY ILL OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE D – RESTRICTED FUNDS:

The Organization held the following funds for restricted purposes as of June 30:

	<u>2009</u>	<u>2008</u>
Walk funds allocated for operating expenses of unincorporated Chapters of NAMI.	\$28,197	\$ 13,048
Other grants	<u>20,600</u>	<u>6,745</u>
TOTAL	<u>\$ 48,797</u>	<u>\$ 19,793</u>

NOTE E – RELATED PARTY TRANSACTIONS:

The Organization has received its charter to operate as the National Alliance for the Mentally Ill of Massachusetts, Inc. from the national parent organization, National Alliance for the Mentally Ill, Inc. (NAMI-National). Dues received from members of NAMI-Mass are shared with NAMI-National. Payments of dues to NAMI-National and other affiliates for the years ended June 30, 2009 and 2008 are \$8,288 and \$6,163, respectively.

NOTE F – CONTINGENCIES:

A) DMH GRANT

The Organization's grant with DMH is subject to audit. There are no costs identified as "question costs" as of June 30, 2008.

B) CASH EXCEEDING THE FDIC LIMIT

The Aggregate balances of cash deposited in (4) accounts with Danvers Bank of June 30, 2009 is \$515,418, substantially exceeding the FDIC limit of \$100,000.

See accompanying notes and independent auditor's report.