



NAMI Colorado
Financial Statements
December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NAMI Colorado

We have audited the accompanying financial statements of NAMI Colorado (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 Colorado as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Whipplewood CPAs, PC

April 26, 2018
Littleton, CO

NAMI Colorado
Statement of Financial Position
December 31, 2016

ASSETS

Current assets	
Cash in banks and on hand	\$ 43,606
Total current assets	<u>43,606</u>
Equipment	10,336
Less accumulated depreciation	(10,336)
Long-term endowment	78,138
	<u>\$ 121,744</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 1,859
Accrued liabilities	3,032
Total current liabilities	<u>4,891</u>
Total liabilities	<u>4,891</u>
Net Assets	
Unrestricted net assets	42,493
Temporarily restricted net assets	-
Permanently restricted net assets	74,360
Total net assets	<u>116,853</u>
	<u>\$ 121,744</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

NAMI Colorado
Statement of Activities
For the Year Ended December 31, 2016

	2016
CHANGES IN UNRESTRICTED NET ASSETS:	
Revenues	
Contributions, grants and awards	\$ 204,983
Special events, net	77,432
Membership dues	7,542
Interest and dividends, net of fees	976
Gain (loss) on investements, realized and unrealized	4,130
Total unrestricted revenue	295,063
Net assets released from restrictions	-
Total support and revenues	\$ 295,063
Expenses	
Program services	198,777
Supporting services	
Management and general	161,962
Fundraising	14,868
Total expenses	375,607
Change in Unrestricted Net Assets	\$ (80,544)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Contributions received	-
Net assets released from restrictions	-
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	-
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:	
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	-
DECREASE IN NET ASSETS	\$ (80,544)
Net assets, beginning of year	197,397
Net assets, end of year	\$ 116,853

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See independent auditors' report.

NAMI Colorado
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities	
Change in net assets	\$ (80,544)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Increase in investments	-
Decrease in accounts payable	(999)
Decrease in accrued liabilities	(6,874)
Decrease in prepaid expenses	(3,029)
	944
Cash flows from operating activities	(90,502)
Net change in cash	(90,502)
Cash, at beginning of period	134,108
Cash, at end of period	\$ 43,606
Supplemental information:	
Interest paid during the year	\$ -

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See independent auditors' report.

NAMI Colorado
Statement of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 55,842	\$ 45,306	\$ 4,215	\$ 105,363
Payroll taxes	5,843	4,740	441	11,024
Consultants	77,255	62,678	5,831	145,763
Lobbyists	-	7,000	-	7,000
Marketing	1,148	931	87	2,165
General office	10,268	17,254	1,906	29,429
Rent	6,266	5,084	473	11,823
Professional services	6,985	6,397	527	13,909
Insurance	2,202	1,786	166	4,154
Utilities	2,766	2,039	181	4,987
Staff development	15	12	1	28
Printing and postage	6,494	6,531	-	13,025
Travel	23,693	764	1,040	25,497
Penalties	-	1,440	-	1,440
Total	<u>\$ 198,777</u>	<u>\$ 161,963</u>	<u>\$ 14,868</u>	<u>\$ 375,608</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

NAMI Colorado
Notes to Financial Statements
December 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: NAMI Colorado (the "Organization") is a not-for-profit corporation organized under the laws of the State of Colorado. The purpose of the Organization is to train, educate and provide support to family members, who are primary care givers of people with mental illness. It is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). Revenues are derived primarily from grants, awards, contributions, dues and conference fees.

Financial Statements: The Organization maintains its records on an accrual basis of accounting in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not- For-Profit Organizations* and No. 116, *Accounting for Contributions Received and Contributions Made*.

Revenue Recognition: Government grants restricted by the grantor or other outside party for particular purposes are deemed to be earned and reported as revenue when the Organization has incurred expenses in compliance with the specific restrictions. Awards and contributions are recorded when a promise or the award is received, if they are currently available for use.

Investments and Income Recognition: The Organization records securities purchased at cost on date of purchase. At the balance sheet date the carrying value is adjusted to the fair market value. All investments held during the year are considered available-for-sale. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains or losses are reported in the statement of activities.

Classes of Net Assets: Temporarily Restricted: Contributions restricted by donors for specific operating purposes or with a stipulated time restriction are classified as temporarily restricted until the funds are used for the purpose. Unspent funds for these activities are recorded as temporarily restricted. Spent funds are reported in the statement of activities as net assets released from restrictions.

Permanently Restricted: Contributions restricted by donors for the specific purpose and the donor stipulate that the principal shall remain intact. Only the earnings are available for use by the Organization for specific purpose.

Unrestricted: Funds which are currently available at the discretion of the Board for use in the Organization's activities.

Depreciation: Equipment is being depreciation by the straight-line method over estimated useful life of 3 years. Leasehold improvements are amortized by the straight-line method over estimated life of 39 years.

Cash: For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

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

Use of Estimates: The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Tax Exempt Status: The Organization is exempt from Federal income tax under the United States Internal Revenue Code Section 501(c)(3). Contributions to the Organization are deductible within the limitations prescribed by the Code. The Organization has been classified as publicly supported organization which is not a private foundation under section 509(a) of the Code.

Property, Equipment and Depreciation: Property and Equipment is stated at cost. Major expenditures for property which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expenses as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are

NAMI Colorado
Notes to Financial Statements
December 31, 2016

removed from the accounts and any resulting gains or losses are included in income. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets.

Contributed Materials and Services: Contributed materials and equipment are reflected as contributions and assets or expenses in the accompanying financial statements at their estimated fair values on the date of contribution. Contributed services are recognized at fair value at the date of receipt if the services received (a) create or enhance long-lived assets or (b) required specialize skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donations.

Fair Value of Financial Instruments: The Organization's financial instruments consist of cash and cash equivalents, investments, accounts payable and accrued liabilities. Investments are carried at fair value (see Note 1: Investments and Income Recognition). All other asset and liabilities are recorded at costs, whose fair values approximates the carrying due to the short maturities of these instruments.

Subsequent Events: Subsequent events have been evaluated for potential recognition and disclosure through the date of the auditors' report, which is also the date the financial statements were available to be issued. Management has identified no subsequent events that require modification of the financial statements or related disclosures.

NOTE 2 Concentration of credit risk:

Balances in bank accounts may, from time to time, exceed federally insured limits. The organization believes that its loss exposure is limited.

NOTE 3 Investments and Endowment:

Endowment at fair value for December 31, 2016:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Fair Value</u>
Community First Foundation	\$71,056	\$7,082	\$78,138

NOTE 4 Income (loss) on investments:

Unrestricted income (loss) by investments is as follows:

Dividends on Stocks	1,769
Realized gain (loss) on sale of investments	(200)
Unrealized gain (loss) on investments	<u>(3,930)</u>
<u>Total</u>	<u>(2,361)</u>

NOTE 5 Classes of Net Assets:

Summary of changes in net assets for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2015 (adjusted)	123,037	0	74,360	197,397
Increase (decrease)	(80,544)	0	0	(80,544)
December 31, 2016	<u>42,493</u>	<u>0</u>	<u>74,360</u>	<u>116,853</u>

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Notes to Financial Statements
December 31, 2016

NOTE 6 Other Matters

In the fall of 2016, NAMI Colorado contracted with JCH Limited, LLC (JCH), to provide services of Interim Executive Director (the "Contract"). JCH was controlled by an individual who was, at the time the Contract was created, the Vice-President of NAMI Colorado's board. The Contract required payout of any unpaid amounts through the term of the agreement in the event of early termination.

In December of 2016, all of the then-current board members eligible for re-election, including the Vice President who served as the Interim Executive Director of NAMI Colorado, were not re-elected. The Contract was terminated and the remaining amount due to JCH under the Contract was paid to JCH in full by the outgoing board.

Payment of the Contract contributed to the loss shown in the financial statements. The inability of the current management of NAMI to verify the propriety or accuracy of these payments resulted a delay in completing these financial statements.

NOTE 7 Subsequent Events

Management has evaluated subsequent events through April 26, 2018.



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