

**NAMI Colorado**  
(a nonprofit Colorado corporation)  
Denver, CO

**Financial Statements**

December 31, 2017

# NAMI Colorado

## Table of Contents

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<b>Independent Accountants' Review Report</b> .....	Page 1
<b>Statement of Financial Position</b> December 31, 2017 .....	Page 2
<b>Statement of Activities</b> Year ended December 31, 2017 .....	Page 3
<b>Statement of Functional Expenses</b> Year ended December 31, 2017 .....	Page 4
<b>Statement of Cash Flows</b> Year ended December 31, 2017 .....	Page 5
<b>Notes to Financial Statements</b> .....	Pages 6-11

## **Independent Accountants' Review Report**

To the Board of Directors  
NAMI Colorado  
Denver, Colorado

We have reviewed the accompanying financial statements of NAMI Colorado (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Altruic Advisors, PLLC*

Certified Public Accountants

Denver, Colorado  
August 9, 2018

# NAMI Colorado

## Statement of Financial Position

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December 31, 2017

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### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 70,373
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#### Other Assets

Beneficial interest in assets held at foundation	<u>85,226</u>
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Total assets	<u><u>\$ 155,599</u></u>
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### NET ASSETS

Unrestricted net assets	\$ 81,239
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Permanently restricted net assets	<u>74,360</u>
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Total net assets	<u><u>\$ 155,599</u></u>
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The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Page 1 should be read with these financial statements

# NAMI Colorado

## Statement of Activities

Year ended December 31, 2017

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
<b>Support</b>			
Contributions and grants	\$ 135,872	\$ -	\$ 135,872
Special event, net	99,337	-	99,337
Total support	<u>235,209</u>	<u>-</u>	<u>235,209</u>
<b>Revenue</b>			
Interest	62	-	62
Change in value of beneficial interest in assets held at foundation	11,074	-	11,074
Other income	910	-	910
Total revenue	<u>12,046</u>	<u>-</u>	<u>12,046</u>
Total support and revenue	<u>247,255</u>	<u>-</u>	<u>247,255</u>
<b>Functional Expenses</b>			
Program services	157,701	-	157,701
Supporting services			
General and administrative	33,926	-	33,926
Fundraising	16,882	-	16,882
Total functional expenses	<u>208,509</u>	<u>-</u>	<u>208,509</u>
<b>Change in Net Assets</b>	<b>38,746</b>	<b>-</b>	<b>38,746</b>
<b>Net Assets, Beginning of Year</b>	<u>42,493</u>	<u>74,360</u>	<u>116,853</u>
<b>Net Assets, End of Year</b>	<u>\$ 81,239</u>	<u>\$ 74,360</u>	<u>\$ 155,599</u>

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Page 1 should be read with these financial statements

# NAMI Colorado

## Statement of Functional Expenses

Year ended December 31, 2017

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and wages	\$ 54,915	\$ 6,307	\$ 7,280	\$ 68,502
Payroll taxes	6,958	783	957	8,698
Total personnel costs	61,873	7,090	8,237	77,200
Program expenses	43,903	-	-	43,903
Contract labor	18,194	3,178	1,250	22,622
Printing and postage	13,284	1,117	1,980	16,381
Occupancy	7,652	2,186	1,093	10,931
Legal and professional	-	10,849	-	10,849
Travel	8,894	620	416	9,930
Technology and communication	2,862	3,303	3,647	9,812
Insurance	-	3,134	-	3,134
Bank and credit card fees	-	1,410	-	1,410
Office expense	190	532	-	722
Miscellaneous	263	445	-	708
Dues and fees	270	36	250	556
Training and education	316	26	9	351
Total expenses	\$ 157,701	\$ 33,926	\$ 16,882	\$ 208,509

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Page 1 should be read with these financial statements

# NAMI Colorado

## Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

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Year ended December 31, 2017

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### Cash Flows From Operating Activities

Change in net assets	\$ 38,746
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Change in value of beneficial interest in assets held at foundation	(11,074)
Increase (decrease) from changes in assets and liabilities	
Accounts payable	(1,859)
Accrued compensation and benefits	(3,032)
Net cash provided by operating activities	<u>22,781</u>

### Cash Flows From Investing Activities

Transfers from endowment	<u>3,986</u>
Net cash provided by investing activities	<u>3,986</u>

**Net Increase in Cash and Cash Equivalents** **26,767**

**Cash and Cash Equivalents, Beginning of Year** **43,606**

**Cash and Cash Equivalents, End of Year** **\$ 70,373**

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Page 1 should be read with these financial statements

# NAMI Colorado

## Notes to Financial Statements

December 31, 2017

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### Note 1 - Nature of Organization and Significant Accounting Policies

*Nature of Organization.* NAMI Colorado ("the Organization") was established in 1981 as a Colorado nonprofit corporation. The Organization trains, educates and provides support to family members, who are primary care givers of people with mental illness. Funding for the Organization is obtained primarily through contributions, grants, and net special event revenue.

*Use of 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.

*Basis of Accounting.* The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Net Asset Restriction Classification.* The Organization has adopted accounting standards which require that the organization distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. These standards require that resources be classified for reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three net asset categories are as follows:

*Unrestricted net assets.* Net assets 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. Once the stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of unrestricted net assets. The Organization does not currently have any temporarily restricted net assets.

*Permanently restricted net assets.* Permanently restricted net assets are subject to donor-imposed stipulations that require the donated assets to be maintained in perpetuity.

*Cash and Cash Equivalents.* The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

*Investments.* The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.



# NAMI Colorado

## Notes to Financial Statements

December 31, 2017

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### Note 1 - Nature of Organization and Significant Accounting Policies (continued)

*Fair Value Measurements.* The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2      Inputs to the valuation methodology include:

- 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 asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

*Beneficial Interest in Assets Held at Foundation.* The Organization values the beneficial interest in assets held at foundation at the net asset value ("NAV") of units held by the Organization at year end. The NAV, as provided by Community First Foundation (the Foundation), is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the Foundation less its liabilities. This practical expedient is not used when it is determined to be probable that the Foundation will sell the investment for an amount different than the reported NAV.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used at December 31, 2017.

# NAMI Colorado

## Notes to Financial Statements

December 31, 2017

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### Note 1 - Nature of Organization and Significant Accounting Policies (continued)

*Contributions.* Contributions are recognized when the donation is received. 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. Contributions and grants that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

*Contributed Services.* Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No contributed services were recorded during the year ended December 31, 2017. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through August 9, 2018, the date at which the financial statements were available for release.

### Note 2 - Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held at foundation	<u>\$ -</u>	<u>\$ 85,226</u>	<u>\$ -</u>	<u>\$ 85,226</u>

*Changes in Fair Value Levels.* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

# NAMI Colorado

## Notes to Financial Statements

December 31, 2017

### Note 2 - Fair Value Measurements (continued)

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2017, there were no significant transfers in or out of fair value levels.

The following sets forth a summary of the Organization's beneficial interest in assets held at foundation reported at NAV at December 31, 2017:

<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period</u>
<b>\$ 85,226</b>	N/A	Immediate	Redemptions will only be made upon written request of the Organization	None

Net investment income consisted of the following for the year ended December 31, 2017:

Interest	<b>\$ 62</b>
Change in value of beneficial interest in assets held at foundation	<b>11,074</b>
	<b><u>\$ 11,136</u></b>

### Note 3 - Endowment Fund

The Board of Directors of the Organization has interpreted the State of Colorado enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization generally classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets as appropriations for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA occur. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

# NAMI Colorado

## Notes to Financial Statements

December 31, 2017

### Note 3 - Endowment Fund (continued)

The following summarizes the changes in endowment net assets for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning balance	\$ 3,778	\$ 74,360	\$ 78,138
Net transfers from			
donor-restricted funds	10,538	-	10,538
Interest and dividends	82	1,622	1,704
Net appreciation (depreciation)	494	9,713	10,207
Investment fees	(40)	(797)	(837)
Appropriated for expenditure	-	(10,538)	(10,538)
Net transfers to			
non-endowed funds	(3,986)	-	(3,986)
Ending balance	<u>\$ 10,866</u>	<u>\$ 74,360</u>	<u>\$ 85,226</u>

*Endowment Investment Policies.* The Organization has adopted investment policies that include a very conservative risk tolerance to ensure the long-term stability of its endowment fund. To achieve the objective of the endowment, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the fund if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Endowment Spending Policies.* Provided that there are annual earnings from the investments of the endowment fund, the Organization expends the earnings in accordance with the direction of the applicable donor gift instrument.

*Interpretation of Relevant Law.* The Board of Directors has determined that a portion of the Organization's net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), adopted by the State of Colorado in 2008. The Organization is governed subject to the Articles of Incorporation and Bylaws for the Organization and contributions are received subject to the terms of the governing documents.

### Note 4 - Operating Lease

The Organization leases a copier under a noncancelable operating lease, which expires April 2021. Rent expense, including maintenance, under the lease totaled \$12,594 for the year ended December 31, 2017.

# NAMI Colorado

## Notes to Financial Statements

December 31, 2017

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### Note 4 - Operating Lease (continued)

Future annual minimum lease payments required under the noncancelable operating lease are as follows at December 31, 2017:

<u>Year</u>	<u>Total</u>
2018	\$ 11,268
2019	11,268
2020	11,268
2021	3,756
	<u>\$ 37,560</u>

### Note 5 - Special Event

The Organization derived net revenue from the following special fundraising event during the year ended December 31, 2017:

#### **NAMI Walks 2017**

Contributions and sponsorships	\$ 115,441
Direct costs	<u>(16,104)</u>
Net revenue	<u>\$ 99,337</u>

### Note 6 – Concentrations

*Major Event.* The Organization had a special event that comprised 47% of total support and revenue for the year ended December 31, 2017.

*Geographical.* The Organization receives a substantial amount of their support from Denver, Colorado and the surrounding areas.