

**NATIONAL ALLIANCE ON MENTAL ILLNESS
OF CONNECTICUT, INC. (NAMI)**

Financial Statements

June 30, 2010 and 2009

NAMI OF CONNECTICUT, INC.

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June 30, 2010 and 2009

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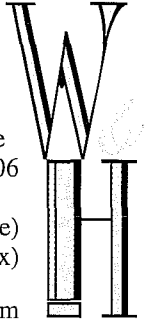
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NAMI of Connecticut, Inc.

We have audited the accompanying statements of financial position of the National Alliance on Mental Illness of Connecticut, Inc. (NAMI) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of NAMI's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits 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 audits provide 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 Connecticut, Inc. as of June 30, 2010 and 2009, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Whittlesey & Hadley, P.C.

February 14, 2011

NAMI OF CONNECTICUT, INC.

Statements of Financial Position

June 30, 2010 and 2009

	2010	2009
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 41,878	\$ 66,155
Accounts receivable	42,964	1,650
Prepaid expenses	16,079	16,688
Total current assets	100,921	84,493
Equipment		
Office furniture and equipment	81,399	81,399
Less accumulated depreciation	71,304	61,338
Net equipment	10,095	20,061
Other Assets		
Deposits	5,875	5,875
Total assets	\$ 116,891	\$ 110,429
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Current portion of capital lease obligation	\$ -	\$ 4,063
Accounts payable and accrued expenses	81,966	49,359
Refundable advances	18,822	25,835
Total current liabilities	100,788	79,257
Unrestricted Net assets		
Board designated for NAMI Walk	16,103	22,900
Undesignated	-	8,272
Total unrestricted net assets	16,103	31,172
Total liabilities and net assets	\$ 116,891	\$ 110,429

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

NAMI OF CONNECTICUT, INC.

Statements of Activities

For the years ended June 30, 2010 and 2009

	2010	2009
Changes in Unrestricted Net Assets		
Support and revenue:		
Grants and contracts:		
State and Federal	\$ 497,015	\$ 504,056
Local	256,444	269,502
Contributions	36,948	15,020
Membership dues	21,724	18,665
Special event	172,118	155,691
Contract consulting fees	19,998	14,845
State conference fees	12,421	8,975
Interest income	284	1,106
Other income	6,937	8,468
	1,023,889	996,328
Net assets released from restrictions	-	19,594
Total unrestricted support and revenue	1,023,889	1,015,922
 Expenses:		
Program services	846,877	854,330
Management and general	136,012	159,959
Fundraising:		
General	7,797	7,845
Special event	48,272	58,582
Total expenses	1,038,958	1,080,716
 Change in unrestricted net assets	(15,069)	(64,794)
 Changes in Temporarily Restricted Net Assets		
Net assets released from restrictions	-	(19,594)
 Change in temporarily restricted net assets	-	(19,594)
 Change in net assets	(15,069)	(84,388)
 Net assets - beginning of year	31,172	115,560
 Net assets - end of year	\$ 16,103	\$ 31,172

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

NAMI OF CONNECTICUT, INC.

Statements of Cash Flows

For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (15,069)	\$ (84,388)
Adjustments to reconcile change in net assets to change in operating activities:		
Depreciation	9,966	13,547
(Increase)/decrease in operating assets:		
Accounts receivable	(41,314)	11,203
Prepaid expenses	609	(2,229)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	32,607	(24,923)
Refundable advances	(7,013)	23,630
Net change in cash from operating activities	<u>(20,214)</u>	<u>(63,160)</u>
Cash flows from financing activities:		
Principal payments on capital lease obligation	<u>(4,063)</u>	<u>(6,540)</u>
Net change in cash from financing activities	<u>(4,063)</u>	<u>(6,540)</u>
Net change in cash and cash equivalents	(24,277)	(69,700)
Cash and cash equivalents - beginning of year	<u>66,155</u>	<u>135,855</u>
Cash and cash equivalents - end of year	<u>\$ 41,878</u>	<u>\$ 66,155</u>
Supplemental disclosure of cash flows:		
Cash paid for interest	<u>\$ 109</u>	<u>\$ 612</u>

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

NAMI OF CONNECTICUT, INC.

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

National Alliance on Mental Illness of Connecticut, Inc. (NAMI) is a nonprofit corporation that provides mental health services primarily for the eradication of mental illnesses and the improvement of the quality of life of those whose lives are affected by these diseases.

Basis of Accounting and Presentation

NAMI's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, NAMI reports information regarding its financial position and activities according to the following classes of net assets:

Unrestricted Net Assets - Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are state grants that may be earmarked for specific purposes.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent resources that have donor-imposed restrictions as to purpose or time of expenditure.

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 in the financial statements. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and certain highly liquid investments with maturities of three months or less. NAMI maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that NAMI's deposits are not subject to significant credit risk.

Equipment

Equipment acquisitions and substantial improvements thereon that individually exceed \$500 are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Repairs and maintenance are charged to expense as incurred. Depreciation expense totaled \$9,966 and \$13,547 for the years ended June 30, 2010 and 2009, respectively.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Grants and Contracts

Governmental grants and contracts are generally considered to be exchange transactions in which the grantor requires the performance of specified activities. Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant and contract restrictions, and, therefore, revenue is recognized to the extent of grant and contract expenditures. Grant and contract revenue in excess of grant expenses is presented as refundable advances.

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit their use. 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 restrictions. Contributions received whose use is contingent on the occurrence of a future event are presented as deferred support until such conditions are substantially met, at which time they are recognized as support.

Donated Services

NAMI recognizes donated services at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. No donated services have been recognized in the accompanying financial statements.

Expenses by Function

The costs of providing various programs have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

NAMI is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes has been made in the accompanying financial statements. The Organization continually evaluates expiring statutes of limitations, proposed settlements, and changes in tax law and new authoritative rulings to determine if the Organization has any uncertain tax positions. As of June 30, 2010, the Organization does not believe it is exposed to any uncertain tax positions.

Reclassifications

Certain reclassifications were made to the June 30, 2009 financial statements to be consistent with the June 30, 2010 financial statement presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events Measurement Date

NAMI monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year-ended June 30, 2010 through February 14, 2011, the date on which financial statements were available to be issued.

NOTE 2 - REVENUE CONCENTRATIONS

NAMI receives a significant portion of its total support from state grants and contracts. As with all government funding, these grants and contracts are subject to reduction or termination in future years. Any significant reduction in these grants and contracts could have an adverse effect on NAMI's program services.

NOTE 3 - LEASE COMMITMENTS

Operating Leases

NAMI leases its office space under a lease that expires June 30, 2012. Rent expense totaled \$40,758 and \$40,720 for the years ended June 30, 2010 and 2009, respectively.

Future minimum lease payments under the lease are as follows:

<u>Year Ending June 30,</u>	
2011	\$ 38,775
2012	<u>39,950</u>
Total minimum lease payments	<u>\$ 78,725</u>

Capital Leases

The following is a summary of property under capital lease as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Equipment	\$ 29,394	\$ 29,394
Less accumulated depreciation	<u>(29,394)</u>	<u>(25,965)</u>
Net equipment under capital leases	<u>\$ -</u>	<u>\$ 3,429</u>

Amortization of equipment under capital lease is included in depreciation and amortization expense.

In current year ending June 30, 2010 the capital lease ended.

Interest expense under the capital lease totaled \$109 and \$612 for the years ended June 30, 2010 and 2009, respectively.

NOTE 4 - EMPLOYEE BENEFIT PLAN

NAMI maintains a defined contribution pension plan available to all employees meeting age and service requirements. NAMI contributions totaled \$7,199 and \$6,903 for the years ended June 30, 2010 and 2009, respectively.

NOTE 5 - CONTINGENCIES:

NAMI's net assets are \$16,103 and NAMI has incurred losses of (\$15,069) and (\$84,388) for the years ended June 30, 2010 and 2009 respectively.

Management's plans to resolve the matter outlined above include the following items:

- Management has developed an operating budget for FY 2011 that anticipates a small operating surplus at the end of the fiscal year.
- Management is working to identify new sources of private foundation, corporate grant funding, and other public support.