

**NATIONAL ALLIANCE ON
MENTAL ILLNESS OF COLLIER COUNTY**

FINANCIAL STATEMENTS

JUNE 30, 2011

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

INDEX TO FINANCIAL STATEMENTS

JUNE 30, 2011

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
PART I. <u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
PART II. <u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Expenditures of State and Federal Projects	14
PART III. <u>OTHER REPORTS</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General	17
Schedule of Findings and Questioned Costs- State Projects	19



Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

Stephanie J. Feldman, CPA

Lawrence Martin, CPA

Michelle L. Vastola, CPA

INDEPENDENT AUDITORS' REPORT

September 20, 2011

To the Board of Directors
NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY
Naples, FL

We have audited the accompanying statement of financial position of NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY (a non-profit organization) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 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 audit provides 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 NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2011, on our consideration of the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY taken as a whole. The accompanying Schedule of Expenditures of State and Federal Projects is presented for the purposes of additional analysis as required by Chapter 10.650, Rules of the Auditor General (i.e., Florida Single Audit Act), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in material respects in relation to the financial statements taken as a whole.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants

PART I. FINANCIAL STATEMENTS

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS

Current Assets:	
Cash (Note 2)	\$ 243,275
Certificates of deposit (Note 2)	<u>139,705</u>
	382,980
Less: board designated and restricted cash	<u>203,794</u>
Total Operating Cash	179,186
Other receivables	48,693
Grant receivables-DCF (Note 9)	63,034
Prepaid expenses	<u>6,270</u>
Total Current Assets	297,183
Board Designated Cash (Note 1)	150,000
Restricted Cash (Note 1)	53,794
Note receivable-Sarah Ann Center (Note 3)	35,000
Property and Equipment, Net (Note 4)	36,489
Other Assets:	
Endowment fund (Note 7)	23,311
Deposits	<u>2,985</u>
TOTAL ASSETS	<u>\$ 598,762</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 12,656
Accrued credit card liability	22,998
Accrued payroll and vacation	<u>14,203</u>
Total Current Liabilities	<u>49,857</u>
Commitments and Contingencies (Notes 5, 9 and 10)	<u>-</u>
Unrestricted Net Assets:	
Designated (Note 1)	150,000
Undesignated	<u>345,111</u>
	495,111
Temporarily restricted (Note 8)	<u>53,794</u>
Total Net Assets	<u>548,905</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 598,762</u>

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

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

CHANGES IN UNRESTRICTED NET ASSETS:

Support and Revenue:

Grants and Contracts-SDC/DCF	\$ 473,722
Grants and Contracts-NAMI	264,875
Grants and Contracts-Other	106,465
Contributions	152,887
Special Events, Net (Note 6)	113,253
Membership Dues	200
Interest Income	5,381
Other Income	<u>88,657</u>
	1,205,440

Net Assets Released from Restrictions:

Satisfaction of purpose restrictions (Note 8)	<u>19,706</u>
Total Support and Revenues	<u>1,225,146</u>

Expenses:

Program Services:	
Self Directed Care	479,018
Community Outreach	<u>577,020</u>
Total Program Services	<u>1,056,038</u>
Supporting Services:	
General and Administrative	<u>118,715</u>
Total Supporting Services	<u>118,715</u>
Total Expenses	<u>1,174,753</u>

CHANGE IN NET ASSETS	50,393
NET ASSETS, BEGINNING OF YEAR	<u>444,718</u>
NET ASSETS, END OF YEAR	<u>\$ 495,111</u>

CHANGES IN TEMPORARILY NET ASSETS:

Donations and grants	\$ 73,500
Less: Satisfaction of purpose restrictions (Note 8)	<u>(19,706)</u>
Increase in Temporarily Restricted Net Assets	53,794
Temporarily Restricted net Assets, Beginning of Year	<u>0</u>
Temporarily Restricted Net Assets, End of Year	<u>\$ 53,794</u>

CHANGES IN TOTAL NET ASSETS:

Total Net Assets, Beginning of Year	\$ 444,718
Changes in Net Assets	<u>104,187</u>
Total Net Assets, End of Year	<u>\$ 548,905</u>

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

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

<u>EXPENSE CATEGORY</u>	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>	
	<u>SELF DIRECTED CARE</u>	<u>COMMUNITY OUTREACH</u>	<u>TOTAL</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL EXPENSES</u>
Administrative costs	\$ 63,500	\$ 0	\$ 63,500	\$ 0	\$ 63,500
Advertising	0	3,764	3,764	0	3,764
Advocacy	0	1,283	1,283	0	1,283
Annual meeting	0	5,256	5,256	0	5,256
Bank fees	0	0	0	1,368	1,368
Benefits (payroll taxes, insurance)	31,986	48,274	80,260	12,068	92,328
Children mental health	0	2,657	2,657	0	2,657
Consumer care	0	20,764	20,764	0	20,764
Copier	0	4,157	4,157	0	4,157
Crisis Intervention Training	0	13,341	13,341	0	13,341
Depreciation	0	0	0	9,276	9,276
Family to family	0	1,164	1,164	0	1,164
HUGS screening	0	60,843	60,843	0	60,843
Insurance	2,264	0	2,264	4,003	6,267
Licenses	0	1,000	1,000	0	1,000
Maintenance	0	0	0	5,775	5,775
Participant expenses	130,998	0	130,998	0	130,998
Payroll	181,916	177,719	359,635	44,432	404,067
Postage	0	4,084	4,084	0	4,084
Printing	0	1,976	1,976	0	1,976
Professional fees	0	11,598	11,598	11,598	23,196
Other	4,605	6,309	10,914	0	10,914
Realtor Relief Fund (Note 8)	0	19,706	19,706	0	19,706
Rent (Note 5)	15,279	32,138	47,417	21,426	68,843
Sarah Ann Center	0	132,007	132,007	0	132,007
Seminars	0	8,888	8,888	0	8,888
Supplies / office expense	31,035	10,281	41,316	0	41,316
Telephone / internet	0	2,814	2,814	8,769	11,583
Travel	17,435	1,594	19,029	0	19,029
Utilities	0	5,403	5,403	0	5,403
TOTALS	\$ 479,018	\$ 577,020	\$ 1,056,038	\$ 118,715	\$ 1,174,753

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

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 104,187
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,276
Endowment (gain) on investment	(2,709)
(Increase) in other receivables	(34,848)
Decrease in grant receivable	9,597
Increase in prepaid expenses	(2,532)
Increase in deposits	(990)
Increase in accounts payable	2,402
Increase in accrued credit card liability	9,441
(Decrease) in accrued payroll and vacation	<u>(14,879)</u>
Net Cash Provided By Operating Activities	<u>78,945</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of certificates of deposit	(3,774)
Note receivable to Sarah Ann Center- principal payments received	5,000
Purchase of property and equipment	<u>(17,000)</u>
Net Cash (Used By) Investing Activities	<u>(15,774)</u>

Net Increase in Cash	63,171
CASH, Beginning of Year	<u>180,104</u>
CASH, End of Year	<u>\$ 243,275</u>

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

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - DESCRIPTION OF ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization and Purpose

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY ("NAMI") commenced operations May 1, 1986 and was incorporated on November 10, 1987. NAMI's mission is to improve the quality of life for the one in four families and their loved ones affected by serious and persistent mental illness. This mission is accomplished through support, education, advocacy, and direct support for persons affected in our community. NAMI's sources of support and revenue are primarily obtained from contributions, grants, and special events.

Method of Accounting

The accounts of NAMI are maintained, and the accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when NAMI obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Financial Statement Presentation

NAMI adopted FASB ASC 958-205-05 "Financial Statements of Not-for-Profit Organizations." FASB ASC 958-205-05 requires that the Organization present information regarding its financial position and activities according to three classifications of net assets described as follows:

Unrestricted

All resources over which the governing board has discretionary control. The governing board of NAMI may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.

Temporarily Restricted

Resources accumulated through donations for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor have been satisfied through expenditure for the specified purpose or program or through the passage of time. NAMI had temporarily restricted net assets at June 30, 2011, see Note 8.

Permanently Restricted

Endowment resources accumulated through donations that are subject to the restriction in perpetuity that the principal be invested. Investment income may be either an unrestricted or temporarily restricted resource when received, determined according to the gift instruments. NAMI had no permanently restricted net assets at June 30, 2011.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - DESCRIPTION OF ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

As further discussed below, NAMI adopted FASB ASC 958-605-05 and FASB ASC 958-205-05, "Accounting for Contributions Received and Contributions Made" and "Financial Statements of Not-for-Profit Organizations", respectively, FASB ASC 958-605-05 requires not-for-profit organizations to distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of the expiration of donor imposed restrictions in the period in which the restrictions expire. FASB ASC 958-205-05 requires classification of net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. NAMI had temporarily net assets but no permanently restricted net assets at June 30, 2011. Also see *Contributions* below regarding NAMI's policy for recording contributions whose restrictions are met in the same period as the receipt of the contribution.

Board Designated and Restricted Cash

The Board of Directors has agreed to designate the use of certain funds for future operating contingencies. Board designated cash as of June 30, 2011 was \$150,000. Donor restricted cash as of June 30, 2011 was \$53,794, see Note 8.

Property and Equipment

Property and equipment are recorded at cost or fair market value at the date of donation less accumulated depreciation and are depreciated on the straight-line method over their estimated useful lives ranging from three years to seven years. Assets in excess of \$1,000 and one year life are capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has 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 property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, NAMI reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. NAMI reclassifies temporarily restricted net assets to unrestricted net assets at that time. There were no such donated fixed assets during fiscal year end June 30, 2011. Costs of major renewals and improvements that extend useful lives are capitalized. Expenditures for routine maintenance and repairs are charged to expense as incurred.

Donated and Contributed Services

Donated and contributed services are provided regarding Self Directed Care Program and Sarah-Ann Center and are not recorded as revenue and salary expense since: (1) NAMI does not control the donated services in the same manner as that in an employer-employee relationship, and (2) the value of this contributed time is not susceptible to objective measurement or value.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - DESCRIPTION OF ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

NAMI reports gifts of cash and other donated assets as either permanently restricted or temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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 restriction. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Expenses

Expenses are reported on a functional basis. The majority of NAMI's expenses are directly related to specific functions and are charged accordingly. Certain other costs are allocated based on estimates of usage.

Income Taxes

No provision for income taxes has been provided in the accompanying financial statements as NAMI is a nonprofit corporation that is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and similar state laws, respectively.

NAMI's Forms 990, Return of Organization Exempt from Income Tax, for the year 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

Cash and certificates of deposit at June 30, 2011, consisted of the following:

Demand deposits/checking	\$ 243,146
Money market	<u>129</u>
	<u>243,275</u>
Certificate of deposit (matures 12/21/10, at 1.24%)	16,275
Certificate of deposit (matures 4/21/13, at 2.96%)	<u>123,430</u>
	<u>139,705</u>
Less: Board Designated and Restricted Cash (Note 1)	<u>203,794</u>
	<u>\$ 179,186</u>

NAMI maintains its cash in three financial institutions located in Naples, Florida. The cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation. As of June 30, 2011, approximately \$151,000 was uninsured with Regions Bank.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT (Continued)

NAMI maintains two certificates of deposit, totaling \$139,705 as of June 30, 2011. The two certificates of deposit have maturities greater than ninety days and are not classified as cash equivalents. The cost of the certificates approximates fair value.

NOTE 3 - NOTE RECEIVABLE - SARAH ANN CENTER

NAMI entered into a note receivable with the Sarah Ann Center for the costs paid for the leasehold improvements of the Center's facility. The note receivable was for the sum of \$40,000 with interest of 3.2% per year, payable over an eight year period commencing on July 1, 2011. Payments are made in equal, annual installments of \$5,000 of principal plus accrued interest. Total principal payments received were \$5,000 in 2011.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net at June 30, 2011 consisted of the following:

Furniture and fixtures	\$ 23,250
Computer equipment	8,374
Vehicles	<u>61,498</u>
	93,122
Less: accumulated depreciation	<u>(56,633)</u>
	<u>\$ 36,489</u>

Depreciation expense for the year ended June 30, 2011 totaled \$9,276.

NOTE 5 - LEASE OBLIGATIONS

As of September 1, 2009, NAMI entered into a lease agreement for the rental of office space at 6216 North Tamiami Trail, Naples, Florida from August 2009 through August 2012. The rent for this office space was \$3,180 per month during the current year, not including common area maintenance fees. The rent increases to \$3,498 per month beginning on August 1, 2012.

NAMI has another lease agreement for the rental of office space at 1650 Medical Lane, Ft. Myers, Florida from June 30, 2011 through July 1, 2012 for approximately \$400 per month. NAMI has also entered into agreements for the rental of certain office equipment for approximately \$228 per month. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2011 are as follows:

<u>YEAR ENDED</u>	
<u>JUNE 30,</u>	
2012	\$ 49,194
2013	<u>3,498</u>
	<u>\$ 52,692</u>

Rent expense totaled \$68,843 during the year ended June 30, 2011.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 6 - SPECIAL EVENTS, NET

NAMI sponsored the following special events and realized the related net gross receipts for the year:

NAMI Walks	\$ 130,768
Less: Direct expenses	<u>(17,515)</u>
Net Proceeds from Special Events	<u>\$ 113,253</u>

NOTE 7 - ENDOWMENT FUND

During 2000, NAMI's Board of Directors established an endowment fund using funds which were unallocated and whose need had been clearly defined as long term. The endowment monies have been placed with the Community Foundation of Collier County for management purposes. The endowment fund was originally established at \$20,000. The endowment balance at June 30, 2011 was \$23,311. Endowment interest earnings totaled \$308 during the year ended June 30, 2011. In addition, fiscal year 2011 realized and unrealized gains on such endowment totaled \$419 and \$2,357, respectively. The endowment account also incurred management and administrative fees of \$375 during the year ended June 30, 2011.

Currently, the investment policy is to invest with the Community Foundation of Collier County. The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2011 is as follows:

	<u>ENDOWMENT TOTAL</u>
Endowment net assets, June 30, 2010	\$ 20,602
Investment income	308
Net appreciation	2,776
Administrative fees	<u>(375)</u>
Endowment net assets, June 30, 2011	<u>\$ 23,311</u>

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted funds at June 30, 2011 consisted of the following:

Realtor Relief Fund	\$ 70,000
Less: Expenses incurred in 2011	<u>(19,706)</u>
Remaining Realtor Relief for 2012	50,294
Phillips-Sarah Ann Center	<u>3,500</u>
Total temporarily restricted funds	<u>\$ 53,794</u>

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 9 - ECONOMIC DEPENDENCY

NAMI receives funding from the Central Florida Behavioral Network, Inc. ("CFB") acting on behalf of Florida Department of Children and Family Services ("DCF") and, consequently, is dependent upon the availability of state and local governmental grants and awards. During fiscal year end June 30, 2011, support received from the Central Florida Behavioral Network, Inc. totaled approximately 58% of the total support and revenue the NAMI received during the year.

NOTE 10 - CONTINGENCIES

Grant monies received and disbursed by NAMI are for specific purposes and are subject to review by the grant agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the management of NAMI does not believe such disallowances, if any, would have a material effect on the financial position of NAMI.

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements ("SFAS 157")*. As of September 15, 2008 SFAS 157 will be referred to as FASB ASC 820-10 in accordance with the FASB codification. FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 is currently effective for financial statements issued for fiscal years beginning after November 15, 2007 and deferred one year for all nonfinancial assets and nonfinancial liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis(at least annually). FASB ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement.

Consequently, the following required fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2011:

	<u>FAIR VALUE MEASUREMENTS AT REPORTING DATE USING</u>		
	<u>QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)</u>	<u>SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)</u>	<u>SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)</u>
NAMI of Collier County Endowment	\$ <u>23,311</u>	\$ <u>0</u>	\$ <u>0</u>

Fair value for the above is determined by reference to quoted market prices and other relevant information generated by market transactions.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

NAMI has the option to adopt FASB ASC 825-10-10 (formerly, SFAS 159, "The Fair Value Option for Financial Assets and Liabilities" on October 1, 2008. FASB ASC 825-10-10 allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract by contract basis. NAMI has not elected to measure any existing financial instruments at fair value at June 30, 2011 as permitted under FASB ASC 825-10-10. However, NAMI may elect to measure newly acquired financial instruments at fair value in the future.

NOTE 12 - SUBSEQUENT EVENTS

FASB ASC 855-10-50 (formerly, SFAS No. 165, "Subsequent Events") codifies the guidance regarding the disclosure of events occurring subsequent to the balance sheet date. ASC 855-10-50 does not change the definition of a subsequent event (i.e., an event or transaction that occurs after the balance sheet date but before the financial statements are issued) but requires disclosure of the date through which subsequent events were evaluated when determining whether adjustment to or disclosure in the financial statements is required. NAMI evaluated subsequent events through September 20, 2011. Since the codification only requires additional disclosures concerning subsequent events, adoption of the codification did not affect NAMI's statement of financial position or statement of activities.

PART II. SUPPLEMENTARY INFORMATION

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL PROJECTS

FOR THE YEAR ENDED JUNE 30, 2011

<u>State/Federal Agency/PassThrough Grantor Entity Program Title</u>	<u>CSFA/CFDA Number</u>	<u>Program Award Amount</u>	<u>Contract Grantor Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Expenditures</u>
STATE Major (Type A):					
Florida Department of Children and Families Mental Health Program:					
Adult Community Mental Health Community Support Services	60.053	\$ 454,222	CF2011-1011	\$ 454,222	\$ 459,518
Adult Community Mental Health Community Support Services	60.053	<u>264,874</u>	CF2011-1007	<u>264,874</u>	<u>264,874</u>
Total Expenditures of State Projects		<u>\$ 719,096</u>		<u>\$ 719,096</u>	<u>\$ 724,392</u>
FEDERAL PROGRAM 1:					
Department of Health and Human Services Community Mental Health Services	93.958	\$ <u>19,500</u>	CF2011-1011	\$ <u>19,500</u>	\$ <u>19,500</u>
Total Expenditures of State and Federal Projects		<u>\$ 738,596</u>		<u>\$ 738,596</u>	<u>\$ 743,892</u>

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of State and Federal Projects has been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the Single Audit Act (FS, 215.97), and the State of Florida Rules of the Auditor General 10.650 as applicable.

Expenditures reported on the Schedule of Expenditures of State and Federal Projects include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of State and Federal projects include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - INDIRECT COSTS

NAMI did routinely allocate costs to State and Federal Projects. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such. Indirect costs are allocated to the functions and programs based upon various methods which reflect appropriate cost, usage and/or benefit by the function and program.

PART III. OTHER REPORTS



Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

Stephanie J. Feldman, CPA

Lawrence Martin, CPA

Michelle L. Vastola, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

September 20, 2011

Board of Directors
NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY
Naples, Florida

We have audited the financial statements of the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY as of and for the year ended June 30, 2011, and have issued our report thereon dated September 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY'S internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY Board of Directors, and the State of Florida Office of the Auditor General, Central Florida Behavioral Network, Inc., and is not intended to be and should not be used by anyone other than these specified parties.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida



Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

Stephanie J. Feldman, CPA

Lawrence Martin, CPA

Michelle L. Vastola, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

September 20, 2011

Board of Directors
NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY
Naples, Florida

Compliance

We have audited the compliance of NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY with the types of compliance requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement, that are applicable to each of its major State projects for the year ended June 30, 2011. The NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's major State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State projects is the responsibility of NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's management. Our responsibility is to express an opinion on the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's compliance with those requirements.

In our opinion, the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY complied, in all material respects, with the requirements referred to above that are applicable to each of its major State projects for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to State projects. In planning and performing our audit, we considered NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's internal control over compliance with the requirements that could have a direct and material effect on a major State project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY Board of Directors, and the State of Florida Office of the Auditor General, Central Florida Behavioral Network, Inc., and is not intended to be and should not be used by anyone other than these specified parties.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS**

FISCAL YEAR ENDED JUNE 30, 2011

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY financial statements.
2. No instances of significant deficiencies in internal control were identified during the audit.
3. No instances of noncompliance material to the financial statements of the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY were disclosed during the audit.
4. No instances of significant deficiencies in internal control over a major State project were identified during the audit.
5. The auditors' report on compliance with the requirements applicable to the major State projects for the NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY, expresses an unqualified opinion.
6. Our audit disclosed no findings required to be reported related to State projects under Chapter 10.650, Rules of the Auditor General ("AG").
7. The State projects tested as major programs included the following:

<u>CSFA NUMBER</u>	<u>CONTRACT NUMBER</u>	<u>NAME OF STATE PROGRAM</u>	<u>YEAR</u>
60.053	CF2011-1011	Adult Community Mental Health Community Support Services	2011

8. The threshold for distinguishing Type A and Type B programs was \$217,318 for major State projects as calculated and pursuant to Chapter 69I-5.008(2), Rules of the Florida Department of Financial Services.

NATIONAL ALLIANCE ON MENTAL ILLNESS OF COLLIER COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS**

FISCAL YEAR ENDED JUNE 30, 2011

B. FINDINGS - FINANCIAL STATEMENTS

Findings

There were no audit findings related to State projects required to be reported by AG, Rule 10.654(1)(h)(2).

**C. FINDINGS AND QUESTIONED COSTS -
MAJOR STATE PROJECTS**

Findings

There were no audit findings related to State projects required to be reported by AG Rule 10.654(1)(h)(3).

D. OTHER ISSUES

1. There is no Summary Schedule of Prior Year's Audit Findings (AG Rules 10.557(3) (d)5. and 10.656(3) (d) 6.) because there were no recommendations in prior year relating to NAMI and its State projects.
2. No management letter (AG Rule 10.656 (3) (e)) is required because there were no findings required to be reported in the management letter.
3. There is no Corrective Action Plan (AG Rules 10.557(3) (d) 6. and 10.656(3)(d)7.) is required because there were no findings required to be reported under the Florida Single Audit Act and Chapter 10.650, Rules of the Auditor General.