

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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

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**JUNE 30, 2012**

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## **INDEPENDENT AUDITORS' REPORT**

October 4, 2012

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, 2012, 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, 2012, 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 October 4, 2012, 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 Schedule of Expenditures of State and Federal Projects 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, 2012**

**ASSETS**

Current Assets:	
Cash (Note 2)	\$ 234,103
Certificates of deposit (Note 2)	<u>143,561</u>
	377,664
Less: board designated and restricted cash	<u>188,838</u>
Total Operating Cash	188,826
Other receivables	60,519
Grant receivables-DCF (Note 9)	59,385
Prepaid expenses	<u>5,026</u>
Total Current Assets	313,756
Board Designated Cash (Note 1)	164,868
Restricted Cash (Notes 1 and 7)	23,970
Property and Equipment, Net (Note 3)	59,573
Other Assets:	
Endowment fund (Note 6)	22,557
Deposits	<u>3,264</u>
TOTAL ASSETS	<u>\$ 587,988</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 4,150
Accrued credit card liability	19,942
Accrued payroll and vacation	<u>21,004</u>
Total Current Liabilities	<u>45,096</u>
Commitments and Contingencies (Notes 4, 8 and 9)	<u>0</u>
Unrestricted Net Assets:	
Designated (Note 1)	164,868
Undesignated	<u>354,054</u>
	518,922
Temporarily restricted (Note 7)	<u>23,970</u>
Total Net Assets	<u>542,892</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 587,988</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, 2012**

**CHANGES IN UNRESTRICTED NET ASSETS:**

**Support and Revenue:**

Grants and Contracts-SDC/DCF	\$ 449,827
Grants and Contracts-NAMI	262,666
Grants and Contracts-Other	199,459
Contributions	227,337
Special Events, Net (Note 5)	86,984
Membership Dues	170
Interest Income	4,305
Other Income	90,775
	<u>1,321,523</u>

**Net Assets Released from Restrictions:**

Satisfaction of purpose restrictions (Note 7)	<u>29,824</u>
Total Support and Revenues	<u>1,351,347</u>

**Expenses:**

Program Services:	
Self-Directed Care	458,203
Community Outreach	<u>739,790</u>
Total Program Services	<u>1,197,993</u>

Supporting Services:	
General and Administrative	<u>129,543</u>
Total Supporting Services	<u>129,543</u>

Total Expenses	<u>1,327,536</u>
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Increase in Unrestricted Net Assets	23,811
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Unrestricted Net Assets, Beginning of Year	<u>495,111</u>
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Unrestricted Net Assets, End of Year	<u><u>\$ 518,922</u></u>
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**CHANGES IN TEMPORARILY NET ASSETS:**

Donations and grants	\$ 0
Less: Satisfaction of purpose restrictions (Note 7)	<u>(29,824)</u>

Decrease in Temporarily Restricted Net Assets	(29,824)
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Temporarily Restricted Net Assets, Beginning of Year	<u>53,794</u>
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Temporarily Restricted Net Assets, End of Year	<u><u>\$ 23,970</u></u>
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**CHANGES IN TOTAL NET ASSETS:**

Total Net Assets, Beginning of Year	\$ 548,905
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Changes in Net Assets	<u>(6,013)</u>
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Total Net Assets, End of Year	<u><u>\$ 542,892</u></u>
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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, 2012**

<b><u>EXPENSE CATEGORY</u></b>	<b><u>PROGRAM SERVICES</u></b>			<b><u>SUPPORTING SERVICES</u></b>	<b><u>TOTAL EXPENSES</u></b>
	<b><u>SELF DIRECTED CARE (SDC)</u></b>	<b><u>COMMUNITY OUTREACH</u></b>	<b><u>TOTAL</u></b>	<b><u>GENERAL AND ADMINISTRATIVE</u></b>	
Administrative costs	\$ 63,000	\$ 0	\$ 63,000	\$ 0	\$ 63,000
Advertising	0	27,982	27,982	0	27,982
Advocacy	0	1,430	1,430	0	1,430
Annual meeting	0	24,118	24,118	0	24,118
Bank fees	0	0	0	924	924
Benefits (payroll taxes, insurance)	28,724	61,606	90,330	11,892	102,222
Children mental health	0	2,941	2,941	0	2,941
Consumer care	0	22,928	22,928	0	22,928
Copier	0	4,479	4,479	0	4,479
Crisis Intervention Training	0	17,229	17,229	0	17,229
Depreciation	0	0	0	9,666	9,666
Family to family	0	2,576	2,576	0	2,576
HUGS screening	0	90,773	90,773	0	90,773
Insurance	2,279	0	2,279	4,994	7,273
Licenses	0	2,013	2,013	0	2,013
Maintenance	0	0	0	5,545	5,545
Participant expenses	131,807	0	131,807	0	131,807
Payroll	180,271	257,296	437,567	49,066	486,633
Postage	0	4,332	4,332	0	4,332
Printing	0	3,029	3,029	0	3,029
Professional fees	0	12,099	12,099	12,099	24,198
Other	2,739	19,271	22,010	0	22,010
Realtor Relief Fund (Note 7)	0	26,324	26,324	0	26,324
Rent (Note 4)	14,884	34,192	49,076	22,795	71,871
Sarah Ann Center (7/11-12/11)	0	90,457	90,457	0	90,457
Seminars	0	8,826	8,826	0	8,826
Supplies / office expense	17,476	8,414	25,890	0	25,890
Telephone / internet	0	5,482	5,482	12,524	18,006
Travel	17,023	7,012	24,035	38	24,073
Utilities	0	4,981	4,981	0	4,981
<b>TOTALS</b>	<b>\$ 458,203</b>	<b>\$ 739,790</b>	<b>\$ 1,197,993</b>	<b>\$ 129,543</b>	<b>\$ 1,327,536</b>

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, 2012**

**(DECREASE) INCREASE IN CASH**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (6,013)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	9,666
Endowment loss on investment	754
(Increase) in other receivables	(11,826)
Decrease in grant receivable	3,649
Decrease in prepaid expenses	1,244
(Increase) in deposits	(279)
(Decrease) in accounts payable	(8,506)
(Decrease) in accrued credit card liability	(3,056)
Increase in accrued payroll and vacation	<u>6,801</u>
Net Cash (Used In) Operating Activities	<u>(7,566)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of certificates of deposit	(3,856)
Payment received from SAC note receivable (Note 11)	<u>2,250</u>
Net Cash (Used In) Investing Activities	<u>(1,606)</u>

Net Decrease in Cash	(9,172)
CASH, Beginning of Year	<u>243,275</u>
CASH, End of Year	<u>\$ 234,103</u>

**Supplemental Schedule for Noncash Investing Activities:**

Transfer of property and equipment from SAC due to dissolution (Note 11)	<u>\$ 32,750</u>
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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, 2012**

**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, contracts, 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, 2012, see Note 7.

**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, 2012.

**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, 2012**

### **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, 2012. 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, 2012 was \$164,868. Donor restricted cash as of June 30, 2012 was \$23,970, see Note 7.

#### **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, 2012. 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, 2012**

**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 fiscal years 2009, 2010, and 2011 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, 2012, consisted of the following:

Demand deposits/checking	<u>\$ 234,103</u>
Certificate of deposit (matures 4/17/13, at 0.15%)	16,415
Certificate of deposit (matures 4/21/13, at 2.96%)	<u>127,146</u>
	<u>143,561</u>
Less: Board Designated and Restricted Cash (Note 1)	<u>188,838</u>
Total Operating Cash	<u>\$ 188,826</u>

NAMI maintains its cash in two 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, 2012, approximately \$120,000 was uninsured with Regions Bank.

NAMI maintains two certificates of deposit, totaling \$143,561 as of June 30, 2012. 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NOTE 3 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net at June 30, 2012 consisted of the following:

Furniture and fixtures	\$ 23,250
Computer equipment	8,374
Leasehold Improvements	32,750
Vehicles	<u>61,498</u>
	125,872
Less: accumulated depreciation	<u>(66,299)</u>
	<u>\$ 59,573</u>

Depreciation expense for the year ended June 30, 2012 totaled \$9,666.

**NOTE 4 - LEASE OBLIGATIONS**

As of September 1, 2009, NAMI entered into a lease agreement for the rental of office space at 6216 Trail Boulevard, Naples, Florida from August 2009 through July 2012. This lease was renewed for three years ending on July 30, 2015. The rent for this office space was \$3,498 per month during the current year, not including common area maintenance fees. The rent increases to \$4,452 per month beginning on August 1, 2012.

NAMI has another two lease agreements for the rental of office spaces at 6320 Trail Boulevard, Naples, Florida and 1650 Commercial Lane, Ft. Myers, Florida from June 1, 2010 through May 31, 2013 and May 1, 2012 through March 1, 2015 for approximately \$2,544 and \$400 per month, respectively. NAMI has also entered into agreements for the rental of certain office equipment for approximately \$641 per month.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2012 are as follows:

<b><u>YEAR ENDED</u></b> <b><u>JUNE 30,</u></b>	
2013	\$ 92,950
2014	65,920
2015	61,932
2016	9,360
2017	<u>818</u>
	<u>\$ 230,980</u>

Rent expense totaled \$71,871 during the year ended June 30, 2012.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NOTE 5 - SPECIAL EVENTS, NET**

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

NAMI Walks	\$ 115,373
Less: Direct expenses	<u>(28,389)</u>
Net Proceeds from Special Events	<u>\$ 86,984</u>

**NOTE 6 - 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, 2012 was \$22,557. Endowment interest earnings totaled \$443 during the year ended June 30, 2012. In addition, fiscal year 2012 realized and unrealized gains and loss on such endowment totaled \$79 and \$869, respectively. The endowment account also incurred management and administrative fees of \$407 during the year ended June 30, 2012.

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, 2012 is as follows:

	<b><u>ENDOWMENT TOTAL</u></b>
Endowment net assets, June 30, 2011	\$ 23,311
Investment income	443
Net decline	(790)
Administrative fees	<u>(407)</u>
Endowment net assets, June 30, 2012	<u>\$ 22,557</u>

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2012 consisted of the following:

Realtor Relief Fund for 2011	\$ 50,294
Less: Expenses incurred in 2012	<u>(26,324)</u>
Remaining Realtor Relief for 2012	23,970
Phillips-SAC in 2011	\$ 3,500
Less: Expenses incurred for 2012	<u>(3,500)</u>
Remaining Phillips-SAC for 2012	<u>0</u>
Total temporarily restricted net assets	<u>\$ 23,970</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

### **NOTE 8 - 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, 2012, support received from the Central Florida Behavioral Network, Inc. totaled approximately 53% of the total support and revenue the NAMI received during the year.

### **NOTE 9 - 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 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

FASB ASC 820-10 (previously SFAS 157, Fair Value Measurements) 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.

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This 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 under FASB ASC 820 are described as follows:

**Level 1:** Inputs that utilize quoted prices in active markets for identical assets or liabilities that the Church has the ability to process and have the highest priority.

**Level 2:** Inputs that include quoted prices for similar (but not exact) assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement and have the lowest priority.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

Consequently, the following required fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2012:

	<b><u>FAIR VALUE MEASUREMENTS AT REPORTING DATE USING</u></b>			
<b><u>FAIR VALUE</u></b>	<b><u>QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)</u></b>	<b><u>SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)</u></b>	<b><u>SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)</u></b>	
NAMI of Collier County Endowment	\$ 22,557	\$ 22,557	\$ 0	\$ 0

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

**NOTE 11 - NOTE RECEIVABLE FROM AND DISSOLUTION OF SARAH ANN CENTER 501(c)(3)**

NAMI entered into a note receivable with the Sarah Ann Center ("SAC") for the costs paid for the leasehold improvements of the SAC'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. Total principal payments received were \$2,250 in 2012.

On December 21, 2011, the Board of Directors decided to dissolve SAC effective February 3, 2012. Upon dissolution of SAC, the leasehold improvements were transferred to NAMI as a fulfillment of the note receivable from SAC.

**NOTE 12 - EVALUATION OF SUBSEQUENT EVENTS**

In preparing the audited financial statements, NAMI has evaluated events and transactions for potential recognition or disclosure through October 4, 2012, the date that the audited financial statements were available to be issued.

**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, 2012**

<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>
<b>STATE Major (Type A):</b>					
Florida Department of Children and Families Mental Health Program:					
Adult Community Mental Health Community Support Services	<b>60.053</b>	\$ 420,915	CF2012-1011	\$ 420,915(*)	\$ 424,896
Adult Community Mental Health Community Support Services	<b>60.053</b>	<u>245,451</u>	CF2012-1007	<u>245,451</u>	<u>245,451</u>
Total Expenditures of State Projects		<u>\$ 666,366</u>		<u>\$ 666,366</u>	<u>\$ 670,347</u>
<b>FEDERAL PROGRAM 1:</b>					
Department of Health and Human Services Community Mental Health Services	<b>93.958</b>	\$ 33,307	CF2012-1011	\$ 33,307	\$ 33,307
Department of Health and Human Services Community Mental Health Services	<b>93.958</b>	<u>19,423</u>	CF2012-1007	<u>19,423</u>	<u>19,423</u>
Total Expenditures of Federal Projects		<u>\$ 52,730</u>		<u>\$ 52,730</u>	<u>\$ 52,730</u>
Total Expenditures of State and Federal Projects		<u>\$ 719,096</u>		<u>\$ 719,096</u>	<u>\$ 723,077</u>

(\*)- netted of 1% administrative fee.

**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

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Stephanie J. Feldman, CPA

Clara V. Guevara, CPA

Shannon Huber, 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**

October 4, 2012

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, 2012, and have issued our report thereon dated October 4, 2012. 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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

October 4, 2012

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 could have a direct and material effect on each of its major State projects for the year ended June 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended June 30, 2012.

**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 the 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 over compliance 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, 2012**

**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	CF2012-1011	Adult Community Mental Health Community Support Services	2012

8. The threshold for distinguishing Type A and Type B programs was \$201,104 for major State projects as calculated and pursuant to Chapter 69I-5.008(2)/(3), 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, 2012**

**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 management letter (AG Rule 10.656 (3) (e)) required because there were no findings required to be reported in the management letter.
2. There is no Summary Schedule of Prior Year's Audit Findings (AG Rules 10.557(3) (d)5. an10.656(3) (d) 6.) required because there were no prior year audit findings related to NAMI's State projects.
3. There is no Corrective Action Plan (AG Rules 10.557(3) (d) 6. and 10.656(3)(d)7. ) 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.