

**NAMI OF COLLIER COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NAMI OF COLLIER COUNTY, INC.**  
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**JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

October 1, 2014

To the Board of Directors  
NAMI OF COLLIER COUNTY, INC.  
Naples, FL

We have audited the accompanying financial statements of the NAMI OF COLLIER COUNTY, INC. ("NAMI", a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the NAMI's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NAMI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NAMI OF COLLIER COUNTY, INC. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the NAMI OF COLLIER COUNTY, INC. as a whole. The accompanying Schedule of Expenditures of State Projects and Federal Programs 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 Projects and Federal Programs is fairly stated, in material respects in relation to the financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2014, on our consideration of the NAMI OF COLLIER COUNTY, INC.'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* in considering the NAMI OF COLLIER COUNTY, INC.'s internal control over financial reporting and compliance.

  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants

**PART I. FINANCIAL STATEMENTS**

**NAMI OF COLLIER COUNTY, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2014**

**ASSETS**

Current Assets:	
Cash (Note 2)	\$ 238,195
Certificates of deposit (Note 2)	<u>147,906</u>
	386,101
Less: board designated and restricted cash	<u>(183,470)</u>
Total Operating Cash	202,631
Receivables:	
Grant receivable-DCF (Note 10)	62,808
Naples Children and Education Foundation (NCEF)	73,598
Other	61,913
Prepaid expenses	<u>7,803</u>
Total Current Assets	408,753
Board Designated Cash (Note 1)	169,970
Restricted Cash (Notes 1 and 7)	13,500
Property and Equipment, Net (Note 3)	77,167
Other Assets:	
Endowment fund (Notes 6 and 11)	27,290
Deposits	<u>5,200</u>
TOTAL ASSETS	<u>\$ 701,880</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 10,980
Accrued credit card liability	10,275
Accrued expenses:	
Payroll	14,442
Vacation	12,907
Retirement plan contribution	<u>17,954</u>
Total Current Liabilities	<u>66,558</u>
Total Liabilities	<u>66,558</u>
Commitments and Contingencies (Notes 4, 8 and 9)	<u>0</u>
Unrestricted Net Assets:	
Designated (Note 1)	169,970
Undesignated	<u>451,852</u>
	621,822
Temporarily restricted (Note 7)	<u>13,500</u>
Total Net Assets	<u>635,322</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 701,880</u>

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

**NAMI OF COLLIER COUNTY, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2014**

**CHANGES IN UNRESTRICTED NET ASSETS:**

**Support and Revenue:**

Grants and Contracts-Outreach and SDC	\$ 832,753
Grants and Contracts-Other	291,786
Contributions	199,879
Special Events, Net (Note 5)	213,523
Membership Dues	352
Interest Income	1,270
Other Income	<u>79,465</u>
	1,619,028

**Net Assets Released from Restrictions:**

Satisfaction of purpose restrictions (Note 7)	<u>4,499</u>
Total Support and Revenues	<u>1,623,527</u>

**Expenses:**

Program Services:	
Self-Directed Care	426,754
Community Outreach	<u>1,021,700</u>
Total Program Services	<u>1,448,454</u>
Supporting Services:	
General and Administrative	<u>145,139</u>
Total Supporting Services	<u>145,139</u>
Total Expenses	<u>1,593,593</u>

Increase in Unrestricted Net Assets 29,934

Unrestricted Net Assets, Beginning of Year 591,888

Unrestricted Net Assets, End of Year \$ 621,822

**CHANGES IN TEMPORARILY NET ASSETS:**

Donations and grants	\$ 13,500
Less: Satisfaction of purpose restrictions (Note 7)	<u>(4,499)</u>
Increase in Temporarily Restricted Net Assets	9,001
Temporarily Restricted Net Assets, Beginning of Year	<u>4,499</u>
Temporarily Restricted Net Assets, End of Year	<u>\$ 13,500</u>

**CHANGES IN TOTAL NET ASSETS:**

Total Net Assets, Beginning of Year	\$ 596,387
Changes in Net Assets	<u>38,935</u>
Total Net Assets, End of Year	<u>\$ 635,322</u>

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

**NAMI OF COLLIER COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2014**

<b><u>EXPENSE CATEGORY</u></b>	<b><u>PROGRAM SERVICES</u></b>			<b><u>SUPPORTING SERVICES</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>	<b><u>TOTAL EXPENSES</u></b>
Administrative costs	\$ 46,000	\$ 0	\$ 46,000	\$ 0	\$ 46,000
Advertising	0	27,680	27,680	0	27,680
Advocacy	0	99	99	0	99
Bank fees	0	0	0	2,086	2,086
Benefits (taxes, insurance, pension)	42,656	106,476	149,132	12,359	161,491
Children mental health	0	2,713	2,713	0	2,713
CLEAR contract expenses (1)	0	41,744	41,744	0	41,744
Consumer care	0	27,732	27,732	0	27,732
Copier	0	4,635	4,635	0	4,635
Crisis Intervention Training	0	15,885	15,885	0	15,885
Depreciation	0	0	0	11,571	11,571
Family to family	0	1,274	1,274	0	1,274
HUGS screening	0	142,285	142,285	0	142,285
Insurance	0	0	0	12,998	12,998
Licenses	0	1,398	1,398	0	1,398
Maintenance	0	0	0	7,004	7,004
Participant expenses	114,585	0	114,585	0	114,585
Payroll	173,512	446,996	620,508	50,725	671,233
Postage	0	4,257	4,257	0	4,257
Printing	0	2,565	2,565	0	2,565
Professional fees	0	12,091	12,091	12,091	24,182
Programs - other	0	2,943	2,943	0	2,943
Other	2,704	10,504	13,208	0	13,208
Realtor Relief Fund (Note 7)	0	4,499	4,499	0	4,499
Rent (Note 4)	15,627	37,969	53,596	25,313	78,909
Sarah Ann Center	0	89,354	89,354	0	89,354
Seminars	0	9,655	9,655	0	9,655
Supplies / office expense	17,133	12,237	29,370	0	29,370
Telephone / internet	0	7,646	7,646	9,328	16,974
Travel	14,537	4,919	19,456	0	19,456
Utilities	0	4,144	4,144	0	4,144
Volunteer	0	0	0	1,664	1,664
<b>TOTALS</b>	<b>\$ 426,754</b>	<b>\$ 1,021,700</b>	<b>\$ 1,448,454</b>	<b>\$ 145,139</b>	<b>\$ 1,593,593</b>

(1) - This represents direct expenses related to the CLEAR contract; other indirect expenses are recorded under payroll and related benefits.

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

**NAMI OF COLLIER COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(DECREASE) INCREASE IN CASH**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in net assets	\$ 38,935
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	11,571
Endowment fund net gain on investment	(2,852)
Decrease in grant receivable-DCF	61,764
(Increase) in NCEF receivable	(5,540)
(Increase) in other receivables	(17,616)
(Increase) in prepaid expenses	(1,236)
(Increase) in deposits	(2,195)
(Decrease) in accounts payable	(9,753)
Increase in accrued credit card liability	5,417
Increase in accrued payroll	1,100
Increase in accrued vacation	461
Increase in accrued retirement plan contribution	<u>17,954</u>
Net Cash Provided by Operating Activities	<u>98,010</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of certificates of deposit	(511)
Purchase of fixed assets	<u>(25,653)</u>
Net Cash (Used In) Investing Activities	<u>(26,164)</u>

Net Increase in Cash	71,846
CASH, Beginning of Year	<u>166,349</u>
CASH, End of Year	<u>\$ 238,195</u>

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

**NAMI OF COLLIER COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

**Description of Organization and Purpose**

NAMI OF COLLIER COUNTY, INC. ("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, 2014, 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, 2014.

**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.

**NAMI OF COLLIER COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**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, 2014. 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, 2014 was \$169,970. Donor restricted cash as of June 30, 2014 was \$13,500 from a temporarily restricted contribution from Trinity by the Cove for the purchase of van in fiscal year 2015 (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 forty 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, 2014. 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 in the 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.

**NAMI OF COLLIER COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**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 has evaluated its tax positions and concluded that NAMI has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of U.S. generally accepted accounting principles.

NAMI's Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

**Date of Management's Review**

In preparing the audited financial statements, NAMI has evaluated events and transactions for potential recognition or disclosure through October 1, 2014, the date which the audited financial statements were available to be issued. No subsequent events were identified requiring disclosure.

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT**

Cash and certificates of deposit at June 30, 2014, consisted of the following:

Demand deposits/checking	<u>\$ 238,195</u>
Certificate of deposit (matures 8/13/15, at 0.10%)	16,457
Certificate of deposit (matures 10/21/14, at 0.30%)	<u>131,449</u>
	<u>147,906</u>
	386,101
Less: Board Designated and Restricted Cash (Note 1)	<u>(183,470)</u>
Total Operating Cash	<u>\$ 202,631</u>

**NAMI OF COLLIER COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT (Continued)**

NAMI maintains two certificates of deposit, totaling \$147,906 as of June 30, 2014. 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.

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, 2014, approximately \$109,000 was uninsured with Regions Bank.

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

Property and equipment, net at June 30, 2014 consisted of the following:

Furniture and fixtures	\$ 23,250
Computer equipment	27,258
Leasehold Improvements	54,520
Vehicles	<u>61,498</u>
	166,526
Less: accumulated depreciation	<u>(89,359)</u>
	<u>\$ 77,167</u>

Depreciation expense for the year ended June 30, 2014 totaled \$11,571.

**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 an additional three years ending on July 30, 2015. The rent for this office space was \$4,200 per month during the current year, not including common area maintenance fees. NAMI has three other lease agreements for the rental of office spaces at 6214 and 6320 Trail Boulevard, Naples, Florida and 1650 Commercial Lane, Ft. Myers, Florida expiring on May 1, 2016, June 1, 2016, and March 31, 2015 for approximately \$1,150, \$2,700, and \$400 per month, respectively.

NAMI has also entered into agreements for the rental of certain office equipment for approximately \$385 per month. Total minimum future lease payments are as follows:

<u>YEAR ENDED</u> <u>JUNE 30,</u>	
2015	\$ 104,330
2016	50,030
2017	<u>772</u>
	<u>\$ 260,562</u>

Rent expense totaled \$78,909 during the year ended June 30, 2014.

**NAMI OF COLLIER COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 5 - SPECIAL EVENTS, NET**

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

Friends of NAMI	\$ 140,251
NAMI Walks	<u>125,734</u>
Total Special Events	265,985
Less: Direct expenses	<u>(52,462)</u>
Net Proceeds from Special Events	<u>\$ 213,523</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, 2014 was \$27,290. Endowment interest earnings totaled \$759 during the year ended June 30, 2014. In addition, fiscal year 2014 realized and unrealized gains on such endowment totaled \$844 and \$1,571, respectively. The endowment account also incurred management and administrative fees of \$322 during the year ended June 30, 2014.

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, 2014 is as follows:

	<b><u>ENDOWMENT TOTAL</u></b>
Endowment net assets, June 30, 2013	\$ 24,438
Interest income	759
Realized and unrealized gains	2,415
Administrative fees	<u>(322)</u>
Endowment net assets, June 30, 2014	<u>\$ 27,290</u>

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2014 consisted of the following:

Realtor Relief Fund in 2013	\$ 4,499
Less: Expenses incurred in 2014	<u>(4,499)</u>
Remaining Realtor Relief in 2014	0
Trinity by the Cove contribution for van purchase (Note 1)	\$ 13,500
Less: Expenses incurred in 2014	<u>0</u>
Remaining Trinity by the Cove in 2014	<u>13,500</u>
Total temporarily restricted net assets	<u>\$ 13,500</u>

**NAMI OF COLLIER COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 8 - PENSION PLAN**

In the current fiscal year, NAMI adopted a 403(b) retirement plan for employees. This plan will provide for tax-deferred employee contributions to the plan and employer discretionary contributions, determined on a year-by-year basis. Additionally, the Board approved an employer match for the current Plan year. For the current fiscal year, NAMI matched the first 1% of salary deferral by full-time employees (here defined as those working at least 1,000 hours per year) at 100% and the next 4% of salary deferral at increments of 25%. Thus, a maximum deferral of 5% salary will result in as 2% match from NAMI. Pension expense totaled \$17,954 for the year ended June 30, 2014.

**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, federal, and local governmental grants and awards. During fiscal year end June 30, 2014, support received from the Central Florida Behavioral Network, Inc. totaled approximately 45% of the total support and revenue 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**

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.

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 NAMI has the ability to process and have the highest priority.

**NAMI OF COLLIER COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**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.

Consequently, the following required fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2014:

	<b><u>FAIR VALUE MEASUREMENTS AT REPORTING DATE USING</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>	
<b><u>FAIR VALUE</u></b>				
NAMI of Collier County Endowment	<b><u>\$ 27,290</u></b>	<b><u>\$ 27,290</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

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

**PART II. SUPPLEMENTARY INFORMATION**

**NAMI OF COLLIER COUNTY, INC.**

**SCHEDULE OF EXPENDITURES OF STATE PROJECTS AND FEDERAL PROGRAMS**

**FOR THE YEAR ENDED JUNE 30, 2014**

<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><u>Under Florida Single Audit Act (FL Statutes 215.97):</u></b>					
<b>STATE Major (Type A):</b>					
Florida Department of Children and Families Mental Health Program: Adult Community Mental Health Community Support Services	60.053	\$ 671,667(1)	QA031	\$ 671,667(2)	\$ 679,511
<b><u>STATE Funds Used as Match for Federal Programs not Subject to Florida Single Audit Act (FL Statutes 215.97):</u></b>					
<b>STATE Matching Funds - ARRA (3):</b>					
Department of Health and Human Services: ARRA - Temporary Assistance for Needy Families	93.558	\$ 87	LH242	\$ 87	\$ 87
ARRA - State Children's Insurance Program	93.767	510	LH242	510	510
ARRA - Block Grants for Community Mental Health Services	93.958	55,331	LH242	55,331	55,331
ARRA - Block Grants for Prevention and Treatment of Substance Abuse	93.959	7,110	LH242	7,110	7,110
		<u>\$ 63,038</u>		<u>\$ 63,038</u>	<u>\$ 63,038</u>
 Total Expenditures of State Projects (continued on page 15)		<u>\$ 734,705</u>		<u>\$ 734,705</u>	<u>\$ 742,549</u>

(1) - Matching requirement of \$257,103 met at June 30, 2014.

(2) - Netted of administrative fee: QA031 of \$27,261.

(3) - American Recovery and Reinvestment Act ("ARRA")

**NAMI OF COLLIER COUNTY, INC.**

**SCHEDULE OF EXPENDITURES OF STATE PROJECTS AND FEDERAL PROGRAMS (Continued)**

**FOR THE YEAR ENDED JUNE 30, 2014**

<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>FEDERAL PROGRAMS Nonmajor:</b>					
Department of Health and Human Services Community Mental Health Services	<b>93.958</b>	\$ <u>63,778</u>	QA031	\$ <u>63,778</u>	\$ <u>63,778</u>
Department of Health and Human Services: ARRA - Temporary Assistance for Needy Families	<b>93.558</b>	1,327	LH242	1,327	55,418
ARRA - State Children's Insurance Program	<b>93.767</b>	1,258	LH242	1,258	510
ARRA - Block Grants for Community Mental Health Services	<b>93.958</b>	14,249	LH242	14,249	55,418
ARRA - Block Grants for Prevention and Treatment of Substance Abuse	<b>93.959</b>	<u>17,436</u>	LH242	<u>17,436</u>	<u>7,110</u>
		\$ <u>34,270</u>		\$ <u>34,270</u>	\$ <u>34,270</u>
Total Expenditures of Federal Programs		\$ <u>98,048</u>		\$ <u>98,048</u>	\$ <u>98,048</u>
Total Expenditures of State Projects (continued from page 14)		\$ <u>734,705</u>		\$ <u>734,705</u>	\$ <u>742,549</u>
Total Expenditures of State Projects and Federal Programs		\$ <u>832,753</u>		\$ <u>832,753</u>	\$ <u>840,597</u>

**NOTE A - BASIS OF PRESENTATION:**

The Schedule of Expenditures of State Projects and Federal Programs 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 Projects and Federal Programs 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 Projects and Federal Programs 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 Projects and Federal Programs. 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

**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**

Stephanie J. Feldman, CPA

Shannon Huber, CPA

Clara V. Lopez, CPA

Michelle L. Vastola, CPA

October 1, 2014

Board of Directors  
NAMI OF COLLIER COUNTY, INC.  
Naples, Florida

We have audited, in accordance with the 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, the financial statements of the NAMI OF COLLIER COUNTY, INC., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the NAMI OF COLLIER COUNTY, INC.'S internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances 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 NAMI OF COLLIER COUNTY, INC.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the NAMI's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the NAMI OF COLLIER COUNTY, INC.'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*.

### **Purpose of this Report**

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NAMI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NAMI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Nathan A. Phillips, CPA

Deborah L. Harvey, CPA

**REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

Stephanie J. Feldman, CPA

Shannon Huber, CPA

Clara V. Lopez, CPA

Michelle L. Vastola, CPA

October 1, 2014

Board of Directors  
NAMI OF COLLIER COUNTY, INC.  
Naples, Florida

**Report on Compliance for Each Major State Project**

We have audited the NAMI OF COLLIER COUNTY, INC.'s compliance 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 the NAMI OF COLLIER COUNTY, INC.'s major State projects for the year ended June 30, 2014. The NAMI OF COLLIER COUNTY, INC.'s major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the NAMI OF COLLIER COUNTY, INC.'s major State projects based on our audit of the types of compliance requirements referred to above. 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 NAMI OF COLLIER COUNTY, INC.'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 on compliance for each major State project. However, our audit does not provide a legal determination of the NAMI OF COLLIER COUNTY, INC.'s compliance.

### ***Opinion on Each Major State Project***

In our opinion, the NAMI OF COLLIER COUNTY, INC. complied, in all material respects, with the types of 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, 2014.

### **Report on Internal Control over Compliance**

Management of the NAMI OF COLLIER COUNTY, INC. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the NAMI OF COLLIER COUNTY, INC.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, 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 the NAMI OF COLLIER COUNTY, INC. 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

NAMI OF COLLIER COUNTY, INC.

October 1, 2014

Page 3

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Phillips Harvey Group P.A.*  
PHILLIPS HARVEY GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

**NAMI OF COLLIER COUNTY, INC.**

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

**FISCAL YEAR ENDED JUNE 30, 2014**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on NAMI OF COLLIER COUNTY, INC. 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 NAMI OF COLLIER COUNTY, INC. 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 auditor's report on compliance with requirements that could have a direct and material effect on the major State project for NAMI OF COLLIER COUNTY, INC. expresses an unmodified opinion.
6. Our audit disclosed no findings required to be reported related to the State project under Chapter 10.650, Rules of the Auditor General ("AG").
7. The State project 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	QA031	Adult Community Mental Health Community Support Services	2013

8. The threshold for distinguishing Type A and Type B programs was \$203,853 for major State projects as calculated and pursuant to Chapter 69I-5.008(2)/(3), Rules of the Florida Department of Financial Services.

**NAMI OF COLLIER COUNTY, INC.**

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

**FISCAL YEAR ENDED JUNE 30, 2014**

**B. FINDINGS - FINANCIAL STATEMENTS**

Findings

There were no audit findings related to State projects required to be reported by AG, Rule 10.656(4).

**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**

- a) No management letter is required because there were no findings required to be reported in the management letter; (AG Rule 10.656 (3) (e));
- b) No Summary Schedule of Prior Audit Findings is required because there were no prior year audit findings related to the NAMI's State projects; (AG Rules 10.557(3)(d)5. and 10.656(3)(d) 5.);
- c) No Corrective Action Plan 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. (AG Rules 10.557(3)(d) 6. and 10.656(3)(d)6.)