

NAMI MONTGOMERY COUNTY (MD)

FINANCIAL STATEMENTS

JUNE 30, 2008



***Richard L. LeFever, Inc***

Certified Public Accountant

3910 Woodrow Street NW  
Ellicott City, Maryland 21043  
Telephone (410) 465-4739  
Fax (410) 465-7399

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS  
NAMI MONTGOMERY COUNTY (MD)  
KENSINGTON, MARYLAND

I have audited the accompanying statement of financial position of NAMI Montgomery County (MD) (a non-profit organization) as of June 30, 2008 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organizations management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of NAMI Montgomery County (MD) as of June 30, 2007 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated November 14, 2007.

I conducted my audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that I 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI Montgomery County (MD) as of June 30, 2008 and the changes in its nets assets and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.



Richard L. LeFever, Inc

October 2, 2008



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
STATEMENTS OF FINANCIAL POSITION

ASSETS	JUNE 30,	
	2008	2007
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 86,994	\$ 60,821
Certificates of Deposit	39,324	75,229
Accounts Receivable	22,678	12,379
Prepaid Expenses	5,751	5,034
Investments	5,859	6,105
Inventory	145,696	133,113
<b>TOTAL CURRENT ASSETS</b>	306,302	292,681
 <b>PROPERTY AND EQUIPMENT, NET</b>	 48,867	 43,276
 <b>TOTAL ASSETS</b>	 \$ 355,169 =====	 \$ 335,957 =====
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 19,297	\$ 15,609
Deferred Income	5,000	23,990
 <b>TOTAL LIABILITIES</b>	 24,297	 39,599
 <b>NET ASSETS, UNRESTRICTED</b>	 330,872	 296,358
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 \$ 355,169 =====	 \$ 335,957 =====

The accompanying notes are an integral part of these statements.



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008  
(with comparative totals for 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Public Support	\$ 63,535	\$ -	\$ 63,535	\$ 70,729
Membership Dues	19,132		19,132	20,952
Grants		105,656	105,656	44,232
Sales, Net of Sales Tax	301,988		301,988	304,263
Investment Income	4,010		4,010	4,192
Heroes Dinner	17,624		17,624	14,581
Other Fundraising Events	13,071		13,071	17,039
Net Assets Released from Restrictions	105,656	(105,656)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>525,016</b>	<b>-</b>	<b>525,016</b>	<b>475,988</b>
<b>EXPENSES</b>				
Program Services				
Family Service and Education	140,150		140,150	147,061
Thrift Shop	253,075		253,075	219,283
<b>Total Program Services</b>	<b>393,225</b>	<b>-</b>	<b>393,225</b>	<b>366,344</b>
Supporting Services				
Management and General	73,738		73,738	63,342
Fundraising	23,539		23,539	20,070
<b>Total Supporting Services</b>	<b>97,277</b>	<b>-</b>	<b>97,277</b>	<b>83,412</b>
<b>TOTAL EXPENSES</b>	<b>490,502</b>	<b>-</b>	<b>490,502</b>	<b>449,756</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>34,514</b>	<b>-</b>	<b>34,514</b>	<b>26,232</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>296,358</b>	<b>-</b>	<b>296,358</b>	<b>270,126</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 330,872</b>	<b>\$ -</b>	<b>\$ 330,872</b>	<b>\$ 296,358</b>
	=====	=====	=====	=====

The accompanying notes are an integral part of these statements



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008  
(with comparative totals for 2007)

	Program Services		Supporting Services			Total Expenses
	Education	Thrift Shop	Total	Management and General	Fundraising	Total
Salaries and Wages	\$ 81,400	\$ 105,045	\$ 186,445	\$ 35,285	\$ 19,348	\$ 241,078
Payroll Taxes	6,393	8,250	14,643	2,771	1,520	18,934
Total Payroll and Related Costs	87,793	113,295	201,088	38,056	20,868	260,012
Rent	7,537	93,480	101,017	14,887	946	116,850
Social Programs	39,072	-	39,072	-	-	39,072
Utilities	673	8,342	9,015	1,329	84	10,428
Supplies	236	7,170	7,405	466	30	7,901
Travel and Conventions	475	951	1,426	206	113	1,745
Accounting Fees	-	-	-	6,841	-	6,841
Depreciation	-	1,562	1,562	7,646	-	9,208
Telephone/Internet	1,699	2,193	3,892	737	404	5,033
Bank Charges	-	4,594	4,594	325	-	4,919
Repairs and Maintenance	594	7,371	7,966	1,174	75	9,214
Miscellaneous	606	1,443	2,049	407	746	3,202
Trash Removal	295	3,662	3,957	583	37	4,577
Medical	-	3,325	3,325	-	-	3,325
Insurance	304	3,768	4,072	600	38	4,710
Postage and Shipping	713	921	1,634	309	170	2,113
Pest Control	40	499	539	79	5	624
Security	29	361	390	57	4	451
Printing and Publications	41	52	93	18	10	120
Dues and Subscriptions	42	54	97	18	10	124
Advertising	-	32	32	-	-	32
Total Expenses	\$ 140,150	\$ 253,075	\$ 393,225	\$ 73,738	\$ 23,539	\$ 490,502
						\$ 222,221
						17,420

The accompanying notes are an integral part of these statements



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED	
	JUNE 30,	
	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
INCREASE (DECREASE) IN NET ASSETS	\$ 34,514	\$ 26,232
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	9,208	6,113
CHANGES IN ASSETS AND LIABILITIES		
Accounts Receivable	(10,299)	3,436
Prepaid Expenses	(717)	(3,449)
Deferred Income	(18,990)	14,465
Unrealized losses - Investments	246	
Inventory	(12,583)	(12,424)
Accounts Payable	<u>3,688</u>	<u>4,639</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,067</u>	<u>39,012</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(14,799)	(16,431)
Purchase of Certificates of Deposit	(24,097)	
Redemption of Certificates of Deposits	60,002	
Purchase of Investments		(115)
Donation of Investment		(5,318)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	26,173	17,148
CASH AT BEGINNING OF YEAR	<u>60,821</u>	<u>43,673</u>
CASH AT END OF YEAR	\$ 86,994 =====	\$ 60,821 =====

The accompanying notes are an integral part of these statements



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
JUNE 30, 2008

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

Nature of Activities – The NAMI Montgomery County (MD) (the Organization) provides support, education, and advocacy for persons with mental illness, their families and friends. The Organization is supported primarily through revenue generated from a thrift shop located in Kensington, Maryland.

Basis of Accounting – The financial statements of NAMI Montgomery County (MD) have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable and payables.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Expense Allocation – The costs of providing various services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status – The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization did not have any unrelated business income.

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable consists of balance due from a county grant and money raised through the NAMI walk. All balances are deemed collectible, therefore, there is no provision for bad debt expense.

Property and Equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the accelerated and straight-line methods over the estimated useful lives of the assets, which range from 3 to 39 years.



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
JUNE 30, 2008

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (CONTINUED)

Inventory – Inventory is donated and stated at fair market value at date of donation.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and Cash Equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

NOTE 2 – DESCRIPTION OF PROGRAM AND SUPPORT SERVICES

The following program and supporting services are included in the accompanying financial statements;

Education – Provide support, education and advocacy for persons with mental illness, their families and friends.

Thrift Shop – Operation of its own thrift shop, which employs but does not train persons who are mentally ill.

Management and General – Includes the functions necessary to maintain an adequate working environment and manage the financial responsibilities of the organization.



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
JUNE 30, 2008

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Components of property and equipment include the following as of June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Equipment	\$ 38,459	\$ 33,813
Leasehold Improvements	<u>37,152</u>	<u>37,152</u>
Total Property and Equipment	75,611	70,965
Less: Accumulated Depreciation	<u>26,744</u>	<u>(27,689)</u>
Net Property and Equipment	<u>\$ 48,867</u>	<u>\$ 43,276</u>

Depreciation expense for the years ended June 30, 2008 and 2007, amounted to \$9,208 and \$6,113 respectively.

NOTE 4 – COMMITMENTS

The organization leases its office space under a noncancelable operating lease with a term to end August 31, 2008. The rent after August 31, 2008 is on a month to month basis and a new lease is currently in negotiation.

Minimum lease payments under operating leases are as follows

Years ending June 30,2009	\$19,475.
---------------------------	-----------

Rent expense charged to operation amounted to \$116,850 and \$116,850 for the years ended June 30, 2008 and 2007, respectively.

NOTE 5 – CONCENTRATION OF CREDIT RISK

As of June 30, 2008, no cash balances exceeded the Federal Deposit Insurance Corporation coverage limit of \$100,000.



NAMI MONTGOMERY COUNTY (MD)  
(A MARYLAND NON-PROFIT ORGANIZATION)  
JUNE 30, 2008

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CERTIFICATES OF DEPOSTS

The organization currently holds the following certificates of deposits covered by FDIC Insurance with various banks

Amount	Maturity Date	Interest Rate
\$24,599	October 18, 2010	3.75%
\$14,725	November 27, 2017 (Callable November 27, 2008)	5.25%

