

NAMI LEXINGTON  
LEXINGTON, KENTUCKY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2015 and 2014

*HICKS & ASSOCIATES CPAS  
CERTIFIED PUBLIC ACCOUNTANTS*

C O N T E N T S

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# *Hicks & Associates CPAs*

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
NAMI Lexington  
Lexington, Kentucky

We have audited the accompanying financial statements of NAMI Lexington (a nonprofit "Organization") which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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.

INDEPENDENT AUDITORS' REPORT  
-continued-

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Hicks & Associates CPAs*

March 15, 2016

NAMI LEXINGTON  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31

| ASSETS                           |             |             |
|----------------------------------|-------------|-------------|
| CURRENT ASSETS                   | <u>2015</u> | <u>2014</u> |
| Cash                             | \$ 59,886   | \$ 23,939   |
| Accounts receivable              | 100,057     | 60,669      |
| Prepaid expense                  | 1,295       | 3,048       |
| TOTAL CURRENT ASSETS             | 161,238     | 87,656      |
| TOTAL ASSETS                     | \$ 161,238  | \$ 87,656   |
|                                  |             |             |
| LIABILITIES AND NET ASSETS       |             |             |
| CURRENT LIABILITIES              |             |             |
| Payroll liabilities              | \$ 5,890    | \$ 3,021    |
| TOTAL CURRENT LIABILITIES        | 5,890       | 3,021       |
| NET ASSETS                       |             |             |
| Unrestricted                     | 155,348     | 84,635      |
| TOTAL LIABILITIES AND NET ASSETS | \$ 161,238  | \$ 87,656   |

See Notes to Financial Statements.

NAMI LEXINGTON  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED DECEMBER 31

| SUPPORT AND REVENUE                | <u>2015</u>       | <u>2014</u>      |
|------------------------------------|-------------------|------------------|
| Donations                          | \$ 29,315         | \$ 22,068        |
| Fundraising revenue                | 43,658            | 51,995           |
| Grants                             | 278,475           | 131,475          |
| Contract revenue                   | 330,000           | 272,771          |
| In-kind contributions and services | 24,000            | 24,000           |
| Interest                           | 5                 | 5                |
| Memberships                        | 1,670             | 1,597            |
| Miscellaneous                      | 1,262             | 7,280            |
|                                    | <hr/>             | <hr/>            |
| TOTAL SUPPORT AND REVENUE          | 708,385           | 511,191          |
| <br>                               |                   |                  |
| EXPENSES                           |                   |                  |
| Advertising                        | 15,429            | 10,566           |
| Bad debt expense                   | 500               | -                |
| Conferences                        | 36,237            | 17,978           |
| Contract                           | 49,465            | 31,165           |
| Contract labor                     | 5,500             | 17,411           |
| Equipment and maintenance          | 11,253            | 5,835            |
| Fundraising expenses               | 5,820             | 6,239            |
| Gifts                              | 10,625            | 8,232            |
| Insurance                          | 2,294             | 2,109            |
| Office expense                     | 23,090            | 17,272           |
| Payroll taxes and benefits         | 49,179            | 35,154           |
| Postage                            | 935               | 1,228            |
| Printing                           | 6,255             | 4,836            |
| Professional fees                  | 7,487             | 7,234            |
| Rent                               | 34,802            | 28,522           |
| Supplies                           | 14,258            | 12,021           |
| Telephone and internet             | 12,873            | 7,882            |
| Travel                             | 6,396             | 7,774            |
| Utilities                          | 3,376             | 1,729            |
| Wages                              | 341,898           | 273,561          |
|                                    | <hr/>             | <hr/>            |
| TOTAL EXPENSES                     | 637,672           | 496,748          |
| <br>                               |                   |                  |
| NET CHANGE IN NET ASSETS           | 70,713            | 14,443           |
| <br>                               |                   |                  |
| NET ASSETS, BEGINNING OF YEAR      | 84,635            | 70,192           |
|                                    | <hr/>             | <hr/>            |
| NET ASSETS, END OF YEAR            | <u>\$ 155,348</u> | <u>\$ 84,635</u> |

See Notes to Financial Statements.

NAMI LEXINGTON  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31

|  | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES         |             |             |
| Change in net assets                         | \$ 70,713   | \$ 14,443   |
| In-kind contributions and services           | (24,000)    | (24,000)    |
| In-kind expense                              | 24,000      | 24,000      |
| Bad debt expense                             | 500         | -           |
| Changes in operating assets and liabilities: |             |             |
| (Increase) decrease in:                      |             |             |
| Accounts receivable                          | (39,888)    | (13,909)    |
| Prepaid expense                              | 1,753       | 804         |
| Increase (decrease) in:                      |             |             |
| Accounts payable                             | -           | (4,748)     |
| Payroll liabilities                          | 2,869       | (4,633)     |
|  | <hr/>       | <hr/>       |
| NET CHANGE FROM OPERATING ACTIVITIES         | 35,947      | (8,043)     |
|  | <hr/>       | <hr/>       |
| NET CHANGE IN CASH                           | 35,947      | (8,043)     |
|  | <hr/>       | <hr/>       |
| CASH, BEGINNING OF YEAR                      | 23,939      | 31,982      |
|  | <hr/>       | <hr/>       |
| CASH, END OF YEAR                            | \$ 59,886   | \$ 23,939   |
|  | <hr/> <hr/> | <hr/> <hr/> |

See Notes to Financial Statements.

NAMI LEXINGTON  
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS AND ACCOUNTING POLICIES

Nature of Business

NAMI Lexington, herein referred to as "Organization", is a nonprofit organization created to assist families, caregivers and individuals whose life experience includes living with a serious and persistent mental illness. The Organization provides advocacy, education, outreach and support through NAMI Signature programs developed at the National level and supported by NAMI National and NAMI KY. The Organization has also developed numerous other significant programs to meet the needs of the community. All NAMI programs are free to the public.

The Organization co-sponsors the only peer-operated services and support center in Kentucky and contracts with the Department of Behavioral Health, Developmental and Intellectual Disabilities (DBHDID) to provide recovery-oriented training and technical assistance to Community Mental Health Centers and State Psychiatric Hospitals. Collaborating with numerous other community partners allows the Organization to focus on an integration of Mental Health Services and Primary Health Care. Integrated health care is a system of health care in which both mental and physical problems and disorders are treated simultaneously. It is a system that recognizes that a mental disorder must be treated with equal importance as a physical disorder.

Basis of Financial Statements

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

The Organization reports 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. There were no temporarily or permanently restricted net assets at December 31, 2015 and 2014.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Tax Status

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and is not a private foundation. It is, however, subject to income taxes on "unrelated business income", of which management has determined there were none for the years ended December 31, 2015 and 2014.



NAMI LEXINGTON  
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS AND ACCOUNTING POLICIES - continued

Tax Status

As of December 31, 2015, the Organization has no uncertain tax positions that qualify for disclosure in the financial statements. Tax years 2010 through 2014 are still open under federal and state statute of limitations and remain subject to review and change.

Use of Estimates

The preparation of financial statements in conformity with auditing standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Accounts Receivable

Management believes that all receivables will be collected, and therefore, these financial statements do not include an allowance for doubtful accounts.

In-kind Contributions and Services

The Organization receives donated use of property and specialized services which are reported on the statement of activities. The estimated value of these in-kind contributions and services totaled \$24,000 and \$24,000 for the years ended December 31, 2015 and 2014.

NOTE B - DATE OF MANAGEMENT'S REVIEW

The Organization's subsequent events have been evaluated by management through March 15, 2016, which is the date the financial statements were available to be issued.