

# **NAMI NORTH CAROLINA, INC.**

**Raleigh, North Carolina**

**Financial Statements**

**Years Ended June 30, 2011 and 2010**

# **NAMI North Carolina, Inc.**

## **INDEX TO FINANCIAL STATEMENTS**

### **Independent Auditor's Report**

### **Financial Statements:**

Statements of Financial Position	Exhibit A
Statement of Activities 2011	Exhibit B
Statement of Activities 2010	Exhibit C
Statements of Cash Flows	Exhibit D

### **Notes to Financial Statements**



**HEROUX & COMPANY, LLP**

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

To the Officers and Directors  
NAMI North Carolina, Inc.  
Raleigh, North Carolina

We have audited the statements of financial position of NAMI North Carolina, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide 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 NAMI North Carolina, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Heroux & Company, LLP*

September 27, 2011

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2011 and June 30, 2010**

	ASSETS	
CURRENT ASSETS:	2011	2010
Cash	\$ 164,234	\$ 95,057
Investments, at market value	179,572	159,714
Promises to give	90	10,183
Accounts receivable	53,502	102,422
Prepaid expenses	6,493	6,044
Total Current Assets	\$ 403,891	\$ 373,420
<b>PROPERTIES AND EQUIPMENT:</b>		
Office condominium	\$ 242,630	\$ 242,630
Furniture and equipment	38,745	42,559
Less: Accumulated depreciation	(124,670)	(117,130)
Net Properties and Equipment	\$ 156,705	\$ 168,059
<b>OTHER ASSETS:</b>		
Investments, at market value	\$ 99,767	\$ 76,547
Loan costs, net of amortization	316	456
Total Other Assets	\$ 100,083	\$ 77,003
	\$ 660,679	\$ 618,482
	<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 20,031	\$ 35,346
Credit card	6,555	2,605
Accrued vacation pay	19,940	13,112
Deferred revenue	850	4,500
Note payable	9,904	9,320
Total Current Liabilities	\$ 57,280	\$ 64,883
<b>NOTE PAYABLE</b>	\$ 13,318	\$ 23,268
<b>NET ASSETS:</b>		
Unrestricted:		
Undesignated	\$ 449,822	\$ 413,392
Board designated	40,242	40,242
Temporarily restricted	8,442	7,170
Permanently restricted	91,575	69,527
Total Net Assets	\$ 590,081	\$ 530,331
	\$ 660,679	\$ 618,482

The Notes to Financial Statements are an integral part of this statement.

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT:</b>				
Contributions	\$ 75,957	\$ -	\$ 2,100	\$ 78,057
Membership (net of payouts of \$21,897)	9,250	-	-	9,250
DMHDDSAS contracts (governmental agency)	200,309	-	-	200,309
LME contracts (local management entities)	311,906	-	-	311,906
Grants	23,182	-	-	23,182
Special events	146,215	-	-	146,215
Combined campaigns	9,922	-	-	9,922
	<u>\$ 776,741</u>	<u>\$ -</u>	<u>\$ 2,100</u>	<u>\$ 778,841</u>
<b>OTHER REVENUE:</b>				
Conference fees	\$ 62,825	\$ -	\$ -	\$ 62,825
Sales of education materials	30	-	-	30
Investment Income (net of investment expenses of \$250)	3,667	-	2,002	5,669
Net realized and unrealized gain (loss) on investments	20,298	1,272	12,946	34,516
Recovery of uncollectible accounts	34,473	-	-	34,473
Other income	7,913	-	-	7,913
	<u>\$ 129,206</u>	<u>\$ 1,272</u>	<u>\$ 14,948</u>	<u>\$ 145,426</u>
Total Public Support and Other Revenue	\$ 905,947	\$ 1,272	\$ 17,048	\$ 924,267
Net assets released from restrictions: Satisfaction of program restrictions	-	-	-	-
Total Revenues, Gains, and Other Support	<u>\$ 905,947</u>	<u>\$ 1,272</u>	<u>\$ 17,048</u>	<u>\$ 924,267</u>
<b>EXPENSES:</b>				
Program	\$ 771,112	\$ -	\$ -	\$ 771,112
General and administrative	50,310	-	-	50,310
Fundraising	43,095	-	-	43,095
Total Expenses	<u>\$ 864,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 864,517</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 41,430</u>	<u>\$ 1,272</u>	<u>\$ 17,048</u>	<u>\$ 59,750</u>
<b>NET ASSETS - BEGINNING</b>	453,634	7,170	69,527	530,331
Fund Transfer	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 490,064</u>	<u>\$ 8,442</u>	<u>\$ 91,575</u>	<u>\$ 590,081</u>

The Notes to Financial statements are an integral part of this statement.

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT:</b>				
Contributions	\$ 74,823	\$ -	\$ 125	\$ 74,948
Membership (net of payouts of \$16,077)	18,004	-	-	18,004
DMHDDSAS contracts (governmental agency)	200,310	-	-	200,310
LME contracts (local management entities)	321,856	-	-	321,856
Grants	27,770	-	-	27,770
Special events	134,610	-	-	134,610
Combined campaigns	11,068	-	-	11,068
	<u>\$ 788,441</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 788,566</u>
<b>OTHER REVENUE:</b>				
Conference fees	\$ 30,648	\$ -	\$ -	\$ 30,648
Sales of education materials	419	-	-	419
Investment Income (net of investment expenses of \$250)	4,922	209	1,674	6,805
Net realized and unrealized gain (loss) on investments	12,993	426	5,982	19,401
Other income	11,070	-	-	11,070
	<u>\$ 60,052</u>	<u>\$ 635</u>	<u>\$ 7,656</u>	<u>\$ 68,343</u>
Total Public Support and Other Revenue	\$ 848,493	\$ 635	\$ 7,781	\$ 856,909
Net assets released from restrictions: Satisfaction of program restrictions	-	-	-	-
Total Revenues, Gains, and Other Support	<u>\$ 848,493</u>	<u>\$ 635</u>	<u>\$ 7,781</u>	<u>\$ 856,909</u>
<b>EXPENSES:</b>				
Program	\$ 686,633	\$ -	\$ -	\$ 686,633
General and administrative	55,647	-	-	55,647
Fundraising	42,993	-	-	42,993
Total Expenses	<u>\$ 785,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,273</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 63,220</u>	<u>\$ 635</u>	<u>\$ 7,781</u>	<u>\$ 71,636</u>
<b>NET ASSETS - BEGINNING</b>	<u>390,414</u>	<u>6,535</u>	<u>61,746</u>	<u>458,695</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 453,634</u>	<u>\$ 7,170</u>	<u>\$ 69,527</u>	<u>\$ 530,331</u>

The Notes to Financial statements are an integral part of this statement.

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2011 and June 30, 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 59,750	\$ 71,636
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Depreciation	14,373	10,531
Amortization	140	140
Loss on disposal of assets	614	245
Write-off of uncollectible accounts	-	34,473
Unrealized losses/(gains) on investments	(32,706)	(19,401)
Changes in assets and liabilities:		
Promises to give	10,093	(7,998)
Accounts receivable	48,920	(93,795)
Prepaid expenses	(449)	1,412
Accounts payable and accrued expenses	(4,537)	19,431
Deferred revenue	<u>(3,650)</u>	<u>(18,060)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 92,548</u>	<u>\$ (1,386)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of furniture and equipment	\$ (3,633)	\$ (22,119)
Purchase of investments	<u>(10,372)</u>	<u>(6,758)</u>
Net Cash Used In Investing Activities	<u>\$ (14,005)</u>	<u>\$ (28,877)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on mortgage	<u>\$ (9,366)</u>	<u>\$ (8,815)</u>
Net Cash Used In Investing Activities	<u>\$ (9,366)</u>	<u>\$ (8,815)</u>
<b>INCREASE IN CASH</b>	<b>\$ 69,177</b>	<b>\$ (39,078)</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<u>95,057</u>	<u>134,135</u>
<b>CASH AT THE END OF THE YEAR</b>	<u><u>\$ 164,234</u></u>	<u><u>\$ 95,057</u></u>
<b>Supplemental information:</b>		
Cash paid for interest	<u>1,725</u>	<u>2,276</u>

The Notes to Financial Statements are an integral part of this statement.

# **NAMI NORTH CAROLINA, INC.**

**Raleigh, North Carolina**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2011 and June 30, 2010**

### **(1) ORGANIZATION AND NATURE OF OPERATIONS**

NAMI North Carolina, Inc. (the Organization) was organized in North Carolina on August 20, 1984 as a nonprofit corporation. The Organization was established for the purpose of advocacy, support and education for people affected by mental illness. In addition, NAMI manages the delivery of counseling services for adults and children with mental illness.

### **(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation and Fund Accounting**

The Organization's policy is to prepare its financial statements in accordance with the principles contained in the accounting guide, Audits of Certain Nonprofit Organizations, published by the American Institute of Certified Public Accountants.

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined and presented for the Organization as a whole.

#### **Support and Revenue**

**Contributions.** Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as temporarily restricted and then reclassified to unrestricted net assets upon expiration of the time restriction and/or satisfaction of the purpose restriction. Restricted contributions whose restrictions are met in the same financial period are reported as unrestricted.

**Membership revenue.** Revenue from memberships is recorded when received. Collection of membership receipts include amounts received on behalf of both national and local NAMI entities. Membership revenue is reported net of amounts due to national and local NAMI entities.

**Program services revenue.** Program services revenue consists of government and non-government contracts, conference fees and sales of educational material. Revenues from these activities are considered as exchange transactions and recognized on an accrual basis. Revenues from classes are recognized upon completion of the class.

# **NAMI NORTH CAROLINA, INC.**

**Raleigh, North Carolina**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2011 and June 30, 2010**

### **(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Support and Revenue - Continued**

Grants and other contributions. Grants and other contributions of cash and other assets such as combined campaigns are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 restrictions."

Special events. The Organization holds an annual walk for general fundraising purposes. Receipts and promises to give related to this activity are recorded as unrestricted support when the cash is received or the promise is made.

Contribution of non-cash assets or services. Contributions of donated non-cash assets are recorded as support at their fair values in the period received. Contributions of donated services are recorded at their fair market values in the period received. Donated services are those that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's various programs. The value of this contributed time is not included in these statements since it is not susceptible to objective measurement or valuation.

Contribution of property and equipment. Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation. 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. If a donor does not stipulate how long a donated asset must be maintained, the Organization reports expiration of donor restrictions when the donated asset is placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and June 30, 2010**

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Accounts Receivable**

Accounts receivable are recorded at their net realizable value. Collateral is not required to secure accounts receivable. Management accounts for bad debts using the direct write-off method. The results of this method approximate those obtained under the allowance method. Management reviews all outstanding accounts receivable and estimates bad debts based on the age of the accounts, credit worthiness of the entity or individual, access to collateral and historical payments. As of June 30, 2011 and 2010 management believes that all known uncollectible accounts have been written off.

Amounts billed to entities for classes are generally due upon receipt and are contractually past due after 30 days. The company does not accrue finance charges on past due accounts. There are no past due accounts receivable older than 90 days at June 30, 2011 and 2010.

**Investments**

Investments are composed of publicly-traded mutual funds investing in debt and equity securities stated at fair value in the Statement of Financial Position. The unrealized gain or loss on investments is reflected in the Statement of Activities.

**Property and Equipment**

Properties and equipment purchased are stated at cost, and donated assets are recorded at fair market value at the date of the donation. Properties and equipment are adjusted for impairments of value. Depreciation is recorded using the straight-line method over the following lives:

Building and improvements	30 Years
Office furniture and equipment	3 to 7 Years

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition the cost and related accumulated depreciation accounts are relieved and any related gain or loss is included in operations.

# **NAMI NORTH CAROLINA, INC.**

Raleigh, North Carolina

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2011 and June 30, 2010

### **(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Deferred Revenues**

Amounts received in advance for classes or other similar activities occurring in the next fiscal year are recorded as deferred revenues in the current year. The related revenue is recognized once the class or activity is completed.

#### **Allocation of Expenses**

The costs of providing the program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, estimates have been made by management in allocating certain costs such as salaries, employee benefits, utilities, telephone, supplies, depreciation, repairs, etc., which have been distributed among the support services benefited. There were no joint costs during the year ended June 30, 2011 or 2010.

#### **Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The State of North Carolina has granted similar exemptions. Therefore, no income taxes are reflected in these financial statements.

#### **Statement of Cash Flows**

For purposes of the *Statement of Cash Flows*, cash includes cash on hand, money market accounts and amounts on deposit with banks with an initial maturity of three months or less. The Organization made no cash payment for income taxes.

#### **Management's Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

#### **Events Occurring After Reporting Date**

The Organization has evaluated events and transactions that occurred between June 30, 2011 and September 27, 2011, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

# NAMI NORTH CAROLINA, INC.

Raleigh, North Carolina

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and June 30, 2010

### (3) PROMISES TO GIVE

For the years ended June 30, 2011 and 2010, promises to give represent unrestricted contributions from the annual walk fundraiser in May, that were received subsequent to year-end in the amounts of \$90 and \$10,183, respectively.

### (4) ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>6/30/11</u>	<u>6/30/10</u>
North Carolina Department of Health and Human Services contracts	\$ 19,800	\$ 31,538
Local Management Entities - educational classes	31,320	68,101
Other contracts	800	-
Sales taxes	<u>1,582</u>	<u>2,783</u>
Total	<u>\$ 53,502</u>	<u>\$ 102,422</u>

### (5) INVESTMENTS

Investments are stated at fair value and consisted of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cumulative Unrealized Gain</u>
Mutual funds at June 30, 2011	<u>\$ 232,276</u>	<u>\$ 279,339</u>	<u>\$ 47,063</u>
Mutual funds at June 30, 2010	<u>\$ 221,904</u>	<u>\$ 236,261</u>	<u>\$ 14,357</u>

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and June 30, 2010**

**(5) INVESTMENTS - Continued**

Investment return is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance June 30, 2009	\$ 141,971	\$ 6,534	\$ 61,597	\$ 210,102
Investment income	4,791	459	1,675	6,925
Investment expenses	-	(250)	-	(250)
Transfers	(41)	-	125	84
Unrealized gain on investments	<u>12,993</u>	<u>427</u>	<u>5,981</u>	<u>19,401</u>
Balance June 30, 2010	<u>\$ 159,714</u>	<u>\$ 7,170</u>	<u>\$ 69,378</u>	<u>\$ 236,262</u>
Investment income	5,389	-	2,002	7,391
Transfers	(4,019)	-	7,000	2,981
Unrealized gain on investments	<u>18,488</u>	<u>1,272</u>	<u>12,945</u>	<u>32,705</u>
Balance June 30, 2011	<u><u>\$ 179,572</u></u>	<u><u>\$ 8,442</u></u>	<u><u>\$ 91,325</u></u>	<u><u>\$ 279,339</u></u>

Temporary restricted investments include funds held in trust by The North Carolina Community Foundation (the Foundation), as fiscal agent. These funds are reported in the accompanying financial statements at market value. The funds are neither in possession nor under the control of the Organization, but are held and administered by the Foundation. The Foundation, at the discretion of its board of directors, has the authority to invest the funds without restriction. The boards of directors of each organization must approve any distribution. The income derived from these funds may be used for general operating purposes of the Organization. The value of these funds was \$8,442 and \$7,170 at June 30, 2011 and 2010, respectively.

Permanently restricted funds include the Silber endowment fund. This fund is reported in the accompanying financial statements at market value. The principal of the fund is permanently restricted and earnings of this fund are temporarily restricted to the purpose of supporting affiliate development. The balance was \$91,325 and \$69,378 at June 30, 2011 and 2010, respectively.

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and June 30, 2010**

**(6) NOTE TO BANK**

The Organization has a note to a bank dated September 19, 2008. This note requires monthly payments of \$924, consisting of principal and interest at 6.0%. The final payment of all unpaid principal and interest is due September 19, 2013. The balance at June 30, 2011 and 2010 is \$23,222 and \$32,588, respectively. This note is collateralized by a First Deed of Trust on the Organization's office building. Interest expense for the years ended June 30, 2011 and 2010 was \$1,725 and \$2,636, respectively.

**(7) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Grants restricted for specific purposes or periods of time:	<u>6/30/11</u>	<u>6/30/10</u>
Beneficial interest in perpetual trust	<u>\$ 8,442</u>	<u>\$ 7,170</u>

No release of restrictions occurred for the years ended December 31, 2011 or 2010.

**(8) NET ASSETS**

Net assets consisted of the following:

Unrestricted :	<u>6/30/11</u>	<u>6/30/10</u>
Undesignated	\$ 449,822	\$ 413,392
Designated by the Association's Board:		
J. Bryant Kirkland bequest	40,242	40,242
Restricted :		
Temporarily restricted	8,442	7,170
Permanently restricted:		
Silber Endowment Fund	<u>91,575</u>	<u>69,527</u>
	<u>\$ 590,081</u>	<u>\$ 530,331</u>

# NAMI NORTH CAROLINA, INC.

Raleigh, North Carolina

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and June 30, 2010

### (8) NET ASSETS - CONTINUED

#### Board-Designated Balances

The Organization was bequeathed a total of \$40,242 from the estate of J. Bryant Kirkland. The family of the donor asked that only income from the contributions be used and not any of the principal. Pursuant to the family's request, the Board of Directors of the Organization passed a resolution that the income generated from the bequest may be used to cover general expenses of the Organization, but the principal should remain intact if possible.

### (9) CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services recorded in these financial statements consisted of the following:

	<u>6/30/11</u>	<u>6/30/10</u>
Services contributed in support of walk	\$ 4,900	\$ 1,865
Prizes contributed in support of walk	1,250	579
Merchandise contributed in support of walk	<u>1,135</u>	<u>2,138</u>
Total In-Kind Contributions	<u>\$ 7,285</u>	<u>\$ 4,582</u>

### (10) LEASE COMMITMENTS

#### Operating Leases

Organization has entered into operating leases for a postage meter and a copier. Lease expense on operating leases for the year ended June 30, 2011 and 2010 were \$3,965 each year. Required payments on the remainder of the lease include \$1,833 due during the year ended June 30, 2012.

### (11) 401(k) SAVINGS PLAN

The Organization adopted a 401(k) Plan on July 1, 2009 to provide retirement benefits for its employees. Employees may contribute from 1% to 15% of compensation to the Plan, limited to a maximum amount allowed by law. The Organization does not match employee contributions, but decides annually to make employee contributions based on operations. Employer contributions for the year ended June 30, 2011 and 2010 were \$2,634 and \$5,075, respectively.

# NAMI NORTH CAROLINA, INC.

Raleigh, North Carolina

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and June 30, 2010

### (12) CREDIT LINE

The Organization has a \$15,000 total line of credit available with the business credit card account. The balance was \$6,555 and \$2,605 at June 30, 2011 and 2010, respectively.

### (13) FAIR VALUE OF FINANCE INSTRUMENTS

#### Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, short-term unconditional promises to give, contract receivables, and note payable: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

Short-term and endowment investments: The fair values of investments are based on quoted market prices for those investments.

The estimated fair values of the Organization's financial instruments are as follows:

	6/30/11		6/30/10	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	\$ 164,234	\$ 164,234	\$ 95,057	\$ 95,057
Short-term investments	179,572	179,572	159,714	159,714
Promises to give	90	90	10,183	10,183
Contract receivables	53,502	53,502	102,422	102,422
Long-term investments	99,767	99,767	76,547	76,547
Financial Liabilities				
Note payable	23,222	23,222	32,588	32,588

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and June 30, 2010**

**(13) FAIR VALUE OF FINANCE INSTRUMENTS - Continued**

**Fair Value Measurements**

The following present the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
June 30, 2011		
Short-term Investments	\$ 179,572	\$ 179,572
Endowment Investments	99,767	99,767
June 30, 2010		
Short-term Investments	\$ 159,714	\$ 159,714
Endowment Investments	76,547	76,547

**(14) CONCENTRATIONS OF RISK**

The Organization conducts educational programs under contracts with the North Carolina Department of Health and Human Services. The contracts provide reimbursement of expenses incurred. Revenues from these contracts amounted to 21.6 % and 23.4% of total support and revenue for the years ended June 30, 2011 and 2010, respectively. The Organization holds an annual fundraiser walk that provided 15.8 % and 15.7% of total support and revenue for the years ended June 30, 2011 and 2010, respectively.

**NAMI NORTH CAROLINA, INC.**  
**Raleigh, North Carolina**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and June 30, 2010**

**(15) ENDOWMENT FUNDS**

The Organization currently maintains an endowment fund known as the “Silber Endowment Fund.” The fund has historically invested in publicly traded mutual funds that have both growth and income characteristics, with a risk level somewhat equivalent to a general market risk. Accordingly, the investment policy of the Organization is to invest in a mix of stocks and bonds with a majority weighting in stocks. This policy is intended to both increase the value of donors’ gifts after spending and inflation and provide a stable funding source for ensuring the future viability of the Organization. A target allocation determined by the board is 75% stocks and 25% bonds. Stock investments are intended to include mostly “large cap” stocks with about 25% invested in smaller companies and international stocks. The intended objective of this allocation is preservation of capital combined with conservative growth consistent with overall market performance.

Spending of the Silber Endowment Fund is restricted to supporting affiliate development work. Further, spending is limited to interest and dividends earned and no spending is allowed in years of market losses. A committee of the Organization’s board of directors is tasked with recommending a semi-annual payout rate to the board as part of the budget development process. The Organization’s board of directors has the authority to modify the rate by a majority vote. Through June 30, 2011 the Organization has spent \$4,250 on affiliate development, but no transfers out of the Silber Endowment Fund were made. The Silber Endowment Fund, with a fair value of \$91,575 at June 30, 2011, is classified as permanently restricted.

ASC 958-205-50-1B is effective for financial statements ending after December 15, 2008. The ASC requires disclosures based on the “Uniform Prudent Management of Institutional Funds Act” (UPMIFA). The Organization interprets Subsection 4(a) of UPMIFA as written "unless stated otherwise in the gift instrument, the assets in the endowment fund are donor-restricted assets until appropriated for expenditure by the institution." The Organization has continued to treat earnings and contributions as restricted as provided by original gift instruments. No portion of the endowment fund has been classified as other than permanently restricted and no portion has been appropriated for expenditure.

# NAMI NORTH CAROLINA, INC.

Raleigh, North Carolina

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and June 30, 2010

### (15) ENDOWMENT FUNDS - Continued

Endowment fund activity is summarized as follows:

	<u>Permanently Restricted</u>
Value at June 30, 2009	\$ 61,746
Interest and Dividends - reinvested	1,674
Unrealized gain	5,982
Contributions	<u>125</u>
Value at June 30, 2010	<u>\$ 69,527</u>
Interest and Dividends - reinvested	2,002
Unrealized gain	12,946
Contributions	2,100
Fund transfer	<u>5,000</u>
Value at June 30, 2011	<u>\$ 91,575</u>