

**NAMI MARYLAND, INC.**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 AND 2018

# NAMI MARYLAND, INC.

## CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statement of Activities and Changes in Net Assets for the Year Ended March 31, 2019	4
Statement of Activities and Changes in Net Assets for the Year Ended March 31, 2018	5
Statement of Functional Expenses for the Year Ended March 31, 2019	6
Statement of Functional Expenses for the Year Ended March 31, 2018	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 20



## Independent Auditors' Report

Board of Directors  
NAMI Maryland, Inc.  
Columbia, Maryland

We have audited the accompanying financial statements of NAMI Maryland, Inc. (a non-profit organization), which comprise the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 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 NAMI Maryland, Inc. as of March 31, 2019 and 2018, 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.

*Weyrich, Cronin & Sarra*

Hunt Valley, Maryland  
November 19, 2019

**NAMI MARYLAND, INC.**

Statements of Financial Position  
March 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 47,608	\$ 89,232
Grants and contracts receivable	88,293	67,749
Other receivables	1,399	4,819
Inventory	- 0 -	348
Prepaid expenses	13,578	16,112
	<u>150,878</u>	<u>178,260</u>
OTHER ASSETS:		
Investments, at fair value	273,759	264,873
Property and equipment, net of accumulated depreciation	4,408	8,935
Security deposit	2,791	2,791
	<u>280,958</u>	<u>276,599</u>
TOTAL ASSETS	<u>\$ 431,836</u>	<u>\$ 454,859</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 21,347	\$ 14,476
Deferred revenue	21,030	27,200
	<u>42,377</u>	<u>41,676</u>
NET ASSETS:		
Without donor restrictions	373,671	355,507
With donor restrictions	15,788	57,676
	<u>389,459</u>	<u>413,183</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 431,836</u>	<u>\$ 454,859</u>

See accompanying notes to financial statements

**NAMI MARYLAND, INC.**

Statement of Activities and Changes in Net Assets  
For the Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 112,348	\$ - 0 -	\$ 112,348
Grants and contracts	325,733	7,123	332,856
Membership dues	9,954	- 0 -	9,954
Program events and development	49,455	- 0 -	49,455
Investment return, net	8,885	- 0 -	8,885
Other	7,920	- 0 -	7,920
	514,295	7,123	521,418
Special event:			
NAMI Walks	179,857	- 0 -	179,857
Less revenue share allocated to:			
NAMI National	(16,486)	- 0 -	(16,486)
Local affiliates	(73,069)	- 0 -	(73,069)
	90,302	- 0 -	90,302
Net assets released from restrictions	49,011	(49,011)	- 0 -
Total Support and Revenue	653,608	(41,888)	611,720
<b>EXPENSES:</b>			
Program services	518,887	- 0 -	518,887
Management and general	105,177	- 0 -	105,177
Fundraising	35,108	- 0 -	35,108
Total Expenses	659,172	- 0 -	659,172
CHANGES IN NET ASSETS BEFORE TRANSFER IN	(5,564)	(41,888)	(47,452)
Transfer in from affiliates (see Note 7)	23,728	- 0 -	23,728
CHANGE IN NET ASSETS	18,164	(41,888)	(23,724)
NET ASSETS AT BEGINNING OF YEAR	355,507	57,676	413,183
NET ASSETS AT END OF YEAR	\$ 373,671	\$ 15,788	\$ 389,459

See accompanying notes to financial statements

**NAMI MARYLAND, INC.**

Statement of Activities and Changes in Net Assets  
For the Year Ended March 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 123,852	\$ - 0 -	\$ 123,852
Grants and contracts	310,224	57,676	367,900
Membership dues	9,663	- 0 -	9,663
Program events and development	55,495	- 0 -	55,495
Investment return, net	24,341	- 0 -	24,341
Other	6,216	- 0 -	6,216
	<u>529,791</u>	<u>57,676</u>	<u>587,467</u>
Special event:			
NAMI Walks	193,698	- 0 -	193,698
Less revenue share allocated to:			
NAMI National	(17,870)	- 0 -	(17,870)
Local affiliates	(75,634)	- 0 -	(75,634)
	<u>100,194</u>	<u>- 0 -</u>	<u>100,194</u>
Net assets released from restrictions	<u>4,535</u>	<u>(4,535)</u>	<u>- 0 -</u>
Total Support and Revenue	<u>634,520</u>	<u>53,141</u>	<u>687,661</u>
<b>EXPENSES:</b>			
Program services	487,664	- 0 -	487,664
Management and general	96,763	- 0 -	96,763
Fundraising	35,988	- 0 -	35,988
Total Expenses	<u>620,415</u>	<u>- 0 -</u>	<u>620,415</u>
CHANGE IN NET ASSETS	14,105	53,141	67,246
NET ASSETS AT BEGINNING OF YEAR	<u>341,402</u>	<u>4,535</u>	<u>345,937</u>
NET ASSETS AT END OF YEAR	<u>\$ 355,507</u>	<u>\$ 57,676</u>	<u>\$ 413,183</u>

See accompanying notes to financial statements

**NAMI MARYLAND, INC.**

Statement of Functional Expenses  
For the Year Ended March 31, 2019

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 257,170	\$ 24,860	\$ 14,935	\$ 296,965
Payroll taxes	20,706	1,880	1,204	23,790
Employee benefits	29,620	3,477	1,730	34,827
	<u>307,496</u>	<u>30,217</u>	<u>17,869</u>	<u>355,582</u>
Communications	5,933	442	276	6,651
Contractual services	61,288	40	15	61,343
Educational materials	7,459	- 0 -	- 0 -	7,459
Equipment expenses	18,180	1,418	265	19,863
Financial services	- 0 -	55,848	- 0 -	55,848
Insurance	- 0 -	4,380	- 0 -	4,380
Miscellaneous	4,533	8,567	166	13,266
NAMI Walks	- 0 -	- 0 -	11,252	11,252
Occupancy	35,643	3,122	780	39,545
Office supplies	565	241	752	1,558
Postage	2,730	144	1,246	4,120
Printing	414	- 0 -	1,928	2,342
Program events and development	31,817	- 0 -	- 0 -	31,817
Training	33,512	- 0 -	- 0 -	33,512
Travel	4,401	540	16	4,957
	<u>513,971</u>	<u>104,959</u>	<u>34,565</u>	<u>653,495</u>
Depreciation	<u>4,916</u>	<u>218</u>	<u>543</u>	<u>5,677</u>
	<u>\$ 518,887</u>	<u>\$ 105,177</u>	<u>\$ 35,108</u>	<u>\$ 659,172</u>

See accompanying notes to financial statements



**NAMI MARYLAND, INC.**

Statement of Functional Expenses  
For the Year Ended March 31, 2018

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 282,810	\$ 21,998	\$ 14,144	\$ 318,952
Payroll taxes	25,790	2,068	1,320	29,178
Employee benefits	27,633	1,178	1,586	30,397
	<u>336,233</u>	<u>25,244</u>	<u>17,050</u>	<u>378,527</u>
Communications	6,544	397	284	7,225
Contractual services	25,175	- 0 -	- 0 -	25,175
Educational materials	5,220	- 0 -	- 0 -	5,220
Equipment expenses	14,567	1,765	269	16,601
Financial services	- 0 -	54,646	- 0 -	54,646
Insurance	- 0 -	3,119	- 0 -	3,119
Miscellaneous	7,560	8,093	199	15,852
NAMI Walks	- 0 -	- 0 -	14,650	14,650
Occupancy	34,667	2,664	761	38,092
Office supplies	811	386	171	1,368
Postage	2,749	111	839	3,699
Printing	420	- 0 -	1,144	1,564
Program events and development	25,021	- 0 -	- 0 -	25,021
Training	20,060	- 0 -	- 0 -	20,060
Travel	2,831	39	41	2,911
	<u>481,858</u>	<u>96,464</u>	<u>35,408</u>	<u>613,730</u>
Depreciation	<u>5,806</u>	<u>299</u>	<u>580</u>	<u>6,685</u>
	<u>\$ 487,664</u>	<u>\$ 96,763</u>	<u>\$ 35,988</u>	<u>\$ 620,415</u>

See accompanying notes to financial statements

**NAMI MARYLAND, INC.**

Statements of Cash Flows  
For the Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (23,724)	\$ 67,246
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,677	6,685
Realized and unrealized (gains) on investments	9,564	(11,822)
(Increase) decrease in operating assets:		
Grants and contracts receivable	(20,544)	(13,482)
Other receivables	3,420	2,921
Inventory	348	(23)
Prepaid expenses	2,534	(1,287)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	6,871	(3,947)
Deferred revenue	(6,170)	(950)
	<u>(22,024)</u>	<u>45,341</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(18,450)	(12,519)
Purchase of property and equipment	(1,150)	- 0 -
	<u>(19,600)</u>	<u>(12,519)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,624)	32,822
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>89,232</u>	<u>56,410</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 47,608</u>	<u>\$ 89,232</u>

See accompanying notes to financial statements

## NAMI MARYLAND, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

### 1. Organization and Summary of Significant Accounting Policies

Nature of Organization - NAMI Maryland, Inc. (the Organization) (NAMI Maryland), incorporated in the State of Maryland, is the state organization for the National Alliance on Mental Illness (NAMI). NAMI Maryland is a grassroots organization dedicated to education, support, and advocacy for persons with mental illnesses, their families, and the wider community. Our mission is to improve the quality of life for individuals with mental illnesses and their families.

The values that inform all NAMI actions include:

- Empowerment of individuals with mental illness and their families.
- Experts for the community: Individuals with mental illness and their families are the experts to improve systems and to provide community outreach and peer education.
- Effective peer-based, recovery-focused and family-oriented programming and services.
- Volunteers and community partners: We leverage the power and networks of volunteers and community partners to spread NAMI's message.

The Organization provides the following programs:

- Peer Education and Peer Support: NAMI Maryland offers effective, free peer education and support programs directly, and in collaboration with, local NAMI affiliates and delivered at the local level. These programs are best practice education courses and support groups provided for and by peers. Families are trained to support other families, and individuals with mental illness are trained to support other individuals.
- Community and Provider Outreach and Education: NAMI Maryland provides effective community and provider education and outreach directly and in collaboration with local NAMI affiliates, community partners, and networks. Graduates of our peer programs are trained to use their personal experience to deliver effective workshops and other outreach.
- Affiliate Development and Assistance: NAMI Maryland provides services and consultation to local affiliates and emerging NAMI groups across the state, furthering our common mission.
- Policy and Advocacy for Systems Improvement: We provide an ongoing campaign and public policy agenda to improve mental health services throughout the state, reduce the stigma associated with mental illness, and support effective treatment and recovery programs. We provide training to our stakeholders to effectively tell their stories to decision makers and to educate them about mental illness.

## NAMI MARYLAND, INC.

### Notes to Financial Statements March 31, 2019 and 2018

#### 1. Organization and Summary of Significant Accounting Policies (continued)

- A statewide helpline that provides useful information and links people to support and resources.
- The annual NAMIWalks which raises public awareness and provides funds which allow us to continue to offer our free support and education programs around the state.
- A quarterly, topical newsletter and other resource materials that provide useful and practical information.
- An annual 2-day statewide conference with as many as 40 different workshops on important topics of interest to individuals and families coping with mental illness, decision makers, service providers, and community organizations.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Accordingly, actual results could differ from those estimates.

Basis of Accounting - The accompanying financial statements are presented in accordance with the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other assets and liabilities. As such, revenue is recognized when earned and expenditures are recognized when incurred.

Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Directors for general operating purposes. The Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

## NAMI MARYLAND, INC.

### Notes to Financial Statements March 31, 2019 and 2018

#### 1. Organization and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents - For the purpose of reporting cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization considers only the reconciled balances in demand deposit accounts which are neither restricted nor designated for long-term purposes to be cash. Money market funds are included with investments.

Grants and Contracts Receivable - Grants and contracts receivable represent amounts due from government agencies, foundations, and other organizations and are recorded at their net realizable value. No allowance has been deemed necessary. Long-term grants and contracts receivable represent amounts due in more than one year. Grants and contracts made to the Organization are recorded as a receivable and as revenue as of the date the grants are awarded, if the awards are unconditional or if the conditions for recognition have been met. These amounts are recorded at the present value of such future payments. The Organization does not consider an allowance for doubtful accounts to be necessary since it believes that probable uncollectible amounts are immaterial.

Inventory - Inventories, which consist primarily of books and other program materials, are valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

Investments - Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfers a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

The Organization reports all realized and unrealized gains, losses, and income on investments as unrestricted support and revenue. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Property and Equipment - Property and equipment are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions 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 contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

# NAMI MARYLAND, INC.

## Notes to Financial Statements March 31, 2019 and 2018

### 1. Organization and Summary of Significant Accounting Policies (continued)

Expenditures for maintenance and repairs are charged against operations as expended. Renewals and betterments that materially extend the life of the assets are capitalized. The Organization's policy is to capitalize all property expenditures and renewals and betterments greater than \$1,000 with a useful life of a year or more. The cost or fair market value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
Computer Software	7
Leasehold Improvements	4
Office Furniture and Equipment	3 - 7

Deferred Revenue - Advance payments in connection with the NAMIWalks event (see Note 7 for additional disclosures) are not considered earned until the event is conducted and are therefore classified as deferred revenue until earned.

Revenue and Support - Grants, contracts, and contributions received are recorded as revenue with or without donor restrictions depending on the existence and nature of any such restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions and support that are restricted by donors are recorded as revenue without donor restrictions if the restriction is satisfied in the same year as the contribution is received. Revenue under grants, contracts, and contributions is recognized when unconditional promises to give are made by donors or when conditions are substantially met.

When grants or other fees are exchange transactions, wherein the Organization has to perform services in order to earn the income, revenue is recognized when the services are performed. Accordingly, deferred revenue is recorded on these types of grants when funds are received but revenue has not been earned.

Contributed Services - Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization occasionally receives volunteer services for various projects. No amounts have been reflected in the financial statements for these donated services since they do not meet the criteria for recognition.

# NAMI MARYLAND, INC.

## Notes to Financial Statements March 31, 2019 and 2018

### 1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statements of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

Income Taxes - The Organization is exempt from federal income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified as an "other than private foundation." No provision for income taxes is required or presented for the years ended March 31, 2019 and 2018 since the Organization had no taxable income from unrelated business activities. The Organization is also exempt from state income taxes. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

New Accounting Pronouncement - In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update 2016-14 (ASU 2016-14), *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions. The Organization had no permanently restricted net assets as of March 31, 2018.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 6).

The changes have had the following effect on net assets at March 31, 2018:

	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 355,507	\$ - 0 -
Temporarily restricted net assets	57,676	- 0 -
Net assets without donor restrictions	- 0 -	355,507
Net assets with donor restrictions	<u>- 0 -</u>	<u>57,676</u>
	<u>\$ 413,183</u>	<u>\$ 413,183</u>

**NAMI MARYLAND, INC.**

Notes to Financial Statements  
March 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

In addition, certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the current period presentation.

2. Investments

Investment balances were \$273,759 and \$264,873 as of March 31, 2019 and 2018, as follows:

	<u>2019</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Money market funds	\$ 46,514	\$ 46,514	\$ - 0 -
Mutual funds	<u>226,065</u>	<u>227,245</u>	<u>1,180</u>
	<u>\$ 272,579</u>	<u>\$ 273,759</u>	<u>\$ 1,180</u>
	<u>2018</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Money market funds	\$ 45,717	\$ 45,717	\$ - 0 -
Mutual funds	<u>208,412</u>	<u>219,156</u>	<u>10,744</u>
	<u>\$ 254,129</u>	<u>\$ 264,873</u>	<u>\$ 10,744</u>

Components of investment income were as follows for the years ended March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 18,449	\$ 12,519
Realized and unrealized gains (losses) on investments carried at fair value	<u>(9,564)</u>	<u>11,822</u>
Investment return, net	<u>\$ 8,885</u>	<u>\$ 24,341</u>



# NAMI MARYLAND, INC.

## Notes to Financial Statements March 31, 2019 and 2018

### 3. Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at March 31, 2019 and 2018 are as follows:

	Fair Value Measurements at the End of the Reporting Period Using:	
	Quoted Prices in Active Markets for Identical Assets	
	(Level 1)	
	<u>2019</u>	<u>2018</u>
Money market funds	\$ 46,514	\$ 45,717
Mutual fund	<u>227,245</u>	<u>219,156</u>
	<u>\$ 273,759</u>	<u>\$ 264,873</u>

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were used.

#### *Level 1 Fair Value Measurements*

Money market funds are valued at cost, which approximates fair value. Mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the years ended March 31, 2019 and 2018.

**NAMI MARYLAND, INC.**

Notes to Financial Statements  
March 31, 2019 and 2018

4. Property and Equipment

Property and equipment as of March 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Property and equipment, at cost		
Computer software	\$ 24,602	\$ 24,602
Leasehold improvements	2,283	2,283
Office furniture and equipment	<u>26,400</u>	<u>26,198</u>
	53,285	53,083
Less: accumulated depreciation	<u>48,877</u>	<u>44,148</u>
	<u>\$ 4,408</u>	<u>\$ 8,935</u>

Depreciation expense for the years ended March 31, 2019 and 2018 was \$5,677 and \$6,685, respectively.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of \$15,788 and \$57,676 as of March 31, 2019 and 2018, which represents donor contributions restricted as follows:

	<u>2019</u>	<u>2018</u>
Purpose restrictions, available for spending:		
Affiliate development	\$ - 0 -	\$ 1,996
Criminal justice programs	6,579	1,751
Model B affiliate	544	1,086
Veterans programs	<u>8,665</u>	<u>7,843</u>
	15,788	12,676
Time restrictions:		
Grants receivable, which are unavailable for spending until due, some of which are also subject to purpose restrictions	<u>- 0 -</u>	<u>45,000</u>
	<u>\$ 15,788</u>	<u>\$ 57,676</u>

**NAMI MARYLAND, INC.**

Notes to Financial Statements  
March 31, 2019 and 2018

5. Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the years ended March 31, 2019 and 2018 as follows:

	2019	2018
Purpose restrictions:		
Affiliate development	\$ 1,996	\$ - 0 -
Criminal justice programs	1,751	3,329
Model B affiliate	1,086	- 0 -
Veterans programs	29,178	- 0 -
Family support training	- 0 -	1,206
	34,011	4,535
Time restrictions:		
Collection of promises to give for which there were no purpose restrictions	15,000	- 0 -
	\$ 49,011	\$ 4,535

6. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of March 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2019	2018
Financial assets at year end	\$ 413,850	\$ 429,812
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	(15,788)	(57,676)
Security deposit	(2,791)	(2,791)
Financial assets available to meet cash needs for general expenditures within one year	\$ 395,271	\$ 369,345

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Organization's liquidity management, it invests cash in excess of short-term requirements in investments, typically money market funds and mutual funds. To help management meet unanticipated liquidity needs, the Organization has a committed line of credit of \$50,000, which it could draw upon.

## NAMI MARYLAND, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

### 7. Affiliate Transactions

#### Model B Affiliates

Local NAMI affiliates in Maryland have historically operated as legally independent, separately incorporated organizations with individual tax exemptions separately obtained from the Internal Revenue Service. In areas of the state where there are no local NAMI affiliates, the state organization works to support and grow a local presence. The National Alliance on Mental Illness ("NAMI"), the national organization, developed and implemented national standards for NAMI organizations and a process by which local affiliates could either meet the standards to be legally independent or may transition to, or begin as, an integrated program of the state organization. NAMI local affiliates continuing to operate as separate economic and legal entities are known as "Model A" affiliates. Affiliates that are programs of NAMI Maryland are known as "Model B" affiliates.

The Organization worked with local volunteers to develop a new affiliate, NAMI Kent and Queen Anne's County, which was endorsed as a Model B affiliate by NAMI Maryland's Board of Directors on June 27, 2017 and was approved by NAMI on September 30, 2017.

Previous legally independent affiliates who are now Model B affiliates are as follows:

- NAMI Carroll County was endorsed by NAMI Maryland's Board of Directors on October 21, 2017 and was approved by NAMI on December 9, 2017.
- NAMI Frederick County, NAMI Harford County, and NAMI Southern Maryland were endorsed by NAMI Maryland's Board of Directors on November 27, 2018 and were approved by NAMI on December 13, 2018.
- NAMI Lower Shore was endorsed by NAMI Maryland's Board of Directors on December 15, 2018 and was approved by NAMI on January 29, 2019.

Pursuant to this process, those organizations with any remaining financial resources transferred their net assets, consisting of \$23,728 in cash, to NAMI Maryland and ceased to operate as separately incorporated organizations. Proceeds from these transfers, which are free of donor restrictions, are represented in the statement of activities and changes in net assets for the year ended March 31, 2019 as "transfer in from affiliates".

## NAMI MARYLAND, INC.

Notes to Financial Statements  
March 31, 2019 and 2018

### 7. Affiliate Transactions (continued)

#### NAMIWalks

The Organization participates at a local level in an annual nationwide fundraising event called NAMIWalks. The National Alliance on Mental Illness (“NAMI”) is the franchisor for this event, and the Organization is one of two franchise holders for NAMIWalks events held in Maryland. The event brings together thousands of individuals and supporters to promote awareness about mental illness, to combat stigma, and to help raise funds for both the Organization and the local Model A affiliates who participate. The Organization incurs all of the expenses associated with the event. In accordance with the Affiliate Agreement, each participating Model A affiliate who raises money for the event receives a percentage of the gross revenues that they have directly raised. These funds help the affiliates to provide programs and services to their communities. The gross proceeds from the event and the revenue share allocations for both NAMI and the affiliates are presented in the statements of activities and changes in net assets. Event expenses are included in the fundraising section of the statements of functional expenses.

The table below summarizes the results of the event for the years ended March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Gross proceeds	<u>\$ 179,857</u>	<u>\$ 193,698</u>
Revenue share allocated to NAMI National	16,486	17,870
Revenue share allocated to affiliates	73,069	75,634
Direct expenses	<u>11,252</u>	<u>14,650</u>
	<u>100,807</u>	<u>108,154</u>
	<u>\$ 79,050</u>	<u>\$ 85,544</u>

### 8. Defined Contribution Plans

The Organization has adopted a defined contribution plan covering all employees who meet the minimum required legal age and service requirements. For the years ended March 31, 2019 and 2018, the Organization did not make any contributions to this plan.

### 9. Line of Credit

The Organization has a \$50,000 line of credit with a bank. The line of credit bears interest at the Wall Street Journal’s prime floating rate plus 2.5% and is payable on demand. The line of credit is collateralized by the Organization’s accounts with the bank. As of March 31, 2019 and 2018, the line of credit bore interest at rates of 8.00% and 7.50%, respectively, and the Organization no outstanding balances.

## NAMI MARYLAND, INC.

### Notes to Financial Statements March 31, 2019 and 2018

#### 10. Operating Lease Commitments

The Organization leases office space under an operating lease that expires in March 2020. Future minimum rental payments under this lease for the year ended March 31, 2020 are \$40,092.

The Organization also leases equipment under an operating lease agreement that expires in September 2021. Future minimum rental payments under this lease for the years ended March 31 are as follows:

2020	\$ 11,274
2021	11,274
2022	5,637

Rental expense under these leases for the years ended March 31, 2019 and 2018, for both office space and equipment, was \$55,771 and \$53,823, respectively. These costs are included in occupancy and equipment expenses within the accompanying statements of functional expenses.

#### 11. Concentration of Credit Risk

In the ordinary course of business, the Organization's cash and investment balances may exceed insurance limits under the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. The Organization continually reviews credit concentrations as part of its asset and liability management.

The Organization invests in a portfolio that contains mutual funds. Such investments are exposed to various risks such as interest rate fluctuations, market volatilities, and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that fluctuations could occur in the near term.

#### 12. Subsequent Events

Management has evaluated subsequent events through November 19, 2019, the date the financial statements were available to be issued.