

NAMI MARYLAND, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

NAMI MARYLAND, INC.

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Independent Auditors' Report

Board of Directors
NAMI Maryland, Inc.
Columbia, Maryland

We have audited the accompanying financial statements of NAMI Maryland, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of March 31, 2015 and 2014, 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, 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.

Weyrich, Cronin + Sorra, Chd.
Lutherville, Maryland
October 20, 2015

NAMI MARYLAND, INC.Statements of Financial Position
March 31, 2015 and 2014ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 29,037	\$ 1,765
Grants and contracts receivable	69,860	63,546
Other receivables	5,297	2,882
Inventory	797	1,338
Prepaid expenses	12,758	17,326
	<u>117,749</u>	<u>86,857</u>
OTHER ASSETS:		
Investments, at fair value	228,595	234,982
Property and equipment, net of accumulated depreciation	29,011	30,303
Security deposit	2,809	2,809
	<u>260,415</u>	<u>268,094</u>
Total Assets	<u><u>\$ 378,164</u></u>	<u><u>\$ 354,951</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 16,983	\$ 20,074
Line of credit	- 0 -	9,901
Deferred revenue	24,910	23,000
	<u>41,893</u>	<u>52,975</u>
NET ASSETS:		
Unrestricted:		
Undesignated	235,930	243,466
Board designated:		
Affiliate Development Fund	39,877	32,660
	<u>275,807</u>	<u>276,126</u>
Total Unrestricted Net Assets	275,807	276,126
Temporarily Restricted Net Assets	60,464	25,850
	<u>336,271</u>	<u>301,976</u>
Total Net Assets	<u>336,271</u>	<u>301,976</u>
Total Liabilities and Net Assets	<u><u>\$ 378,164</u></u>	<u><u>\$ 354,951</u></u>

See accompanying notes to financial statements

NAMI MARYLAND, INC.

Statement of Activities and Changes in Net Assets
For the Year Ended March 31, 2015

	Unrestricted			
	Operations	Board Designated	Temporarily Restricted	Total
SUPPORT AND REVENUE:				
Contributions	\$ 63,260	\$ 7,217	\$ - 0 -	\$ 70,477
Grants and contracts	340,855	- 0 -	60,464	401,319
Contributed services	1,100	- 0 -	- 0 -	1,100
Membership dues	11,142	- 0 -	- 0 -	11,142
Program events and development	50,300	- 0 -	- 0 -	50,300
Investment income	3,613	- 0 -	- 0 -	3,613
Other	6,895	- 0 -	- 0 -	6,895
	<u>477,165</u>	<u>7,217</u>	<u>60,464</u>	<u>544,846</u>
Special event:				
NAMI Walks	180,332	- 0 -	- 0 -	180,332
Less revenue share allocated to:				
NAMI National	(16,971)	- 0 -	- 0 -	(16,971)
Local affiliates	(76,419)	- 0 -	- 0 -	(76,419)
	<u>86,942</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>86,942</u>
Net assets released from restrictions	<u>25,850</u>	<u>- 0 -</u>	<u>(25,850)</u>	<u>- 0 -</u>
	<u>589,957</u>	<u>7,217</u>	<u>34,614</u>	<u>631,788</u>
EXPENSES:				
Program services	470,989	- 0 -	- 0 -	470,989
Management and general	96,600	- 0 -	- 0 -	96,600
Fundraising	29,904	- 0 -	- 0 -	29,904
	<u>597,493</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>597,493</u>
CHANGE IN NET ASSETS	(7,536)	7,217	34,614	34,295
NET ASSETS, BEGINNING OF YEAR	<u>243,466</u>	<u>32,660</u>	<u>25,850</u>	<u>301,976</u>
NET ASSETS, END OF YEAR	<u>\$ 235,930</u>	<u>\$ 39,877</u>	<u>\$ 60,464</u>	<u>\$ 336,271</u>

See accompanying notes to financial statements

NAMI MARYLAND, INC.

Statement of Activities and Changes in Net Assets
For the Year Ended March 31, 2014

	Unrestricted			
	Operations	Board Designated	Temporarily Restricted	Total
SUPPORT AND REVENUE:				
Contributions	\$ 51,697	\$ 4,744	\$ - 0 -	\$ 56,441
Grants and contracts	305,795	- 0 -	25,850	331,645
Membership dues	10,649	- 0 -	- 0 -	10,649
Program events and development	38,992	- 0 -	- 0 -	38,992
Investment income	11,972	- 0 -	- 0 -	11,972
Other	5,186	- 0 -	- 0 -	5,186
	<u>424,291</u>	<u>4,744</u>	<u>25,850</u>	<u>454,885</u>
Special event:				
NAMI Walks	222,506	- 0 -	- 0 -	222,506
Less revenue share allocated to:				
NAMI National	(21,151)	- 0 -	- 0 -	(21,151)
Local affiliates	(84,531)	- 0 -	- 0 -	(84,531)
	<u>116,824</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>116,824</u>
Net assets released from restrictions	15,000	- 0 -	(15,000)	- 0 -
Net assets released from board designations	42,905	(42,905)	- 0 -	- 0 -
	<u>57,905</u>	<u>(42,905)</u>	<u>(15,000)</u>	<u>- 0 -</u>
	<u>599,020</u>	<u>(38,161)</u>	<u>10,850</u>	<u>571,709</u>
EXPENSES:				
Program services	458,522	- 0 -	- 0 -	458,522
Management and general	79,516	- 0 -	- 0 -	79,516
Fundraising	52,480	- 0 -	- 0 -	52,480
	<u>590,518</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>590,518</u>
CHANGE IN NET ASSETS	8,502	(38,161)	10,850	(18,809)
NET ASSETS, BEGINNING OF YEAR	<u>234,964</u>	<u>70,821</u>	<u>15,000</u>	<u>320,785</u>
NET ASSETS, END OF YEAR	<u>\$ 243,466</u>	<u>\$ 32,660</u>	<u>\$ 25,850</u>	<u>\$ 301,976</u>

See accompanying notes to financial statements

NAMI MARYLAND, INC.

Statement of Functional Expenses
For the Year Ended March 31, 2015

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 238,613	\$ 12,681	\$ 11,242	\$ 262,536
Payroll taxes	17,517	931	815	19,263
Employee benefits	30,403	1,634	1,261	33,298
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	286,533	15,246	13,318	315,097
Contractual services	18,221	15,299	- 0 -	33,520
Depreciation	7,941	488	628	9,057
Educational materials	11,514	- 0 -	- 0 -	11,514
Equipment expenses	22,273	710	274	23,257
Financial services	- 0 -	53,177	- 0 -	53,177
Insurance	- 0 -	2,145	- 0 -	2,145
Miscellaneous	2,451	6,647	182	9,280
NAMI Walks	- 0 -	- 0 -	10,404	10,404
Occupancy	32,935	1,771	708	35,414
Office supplies	1,472	510	58	2,040
Postage	2,886	68	1,012	3,966
Printing	57	91	3,060	3,208
Program events and development	31,492	- 0 -	- 0 -	31,492
Telephone	5,911	325	260	6,496
Training	38,571	- 0 -	- 0 -	38,571
Travel	8,732	123	- 0 -	8,855
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 470,989</u>	<u>\$ 96,600</u>	<u>\$ 29,904</u>	<u>\$ 597,493</u>

See accompanying notes to financial statements

NAMI MARYLAND, INC.

Statement of Functional Expenses
For the Year Ended March 31, 2014

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 199,507	\$ 6,033	\$ 9,676	\$ 215,216
Payroll taxes	15,726	520	767	17,013
Employee benefits	25,761	1,438	1,237	28,436
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	240,994	7,991	11,680	260,665
Affiliate grants	7,216	- 0 -	- 0 -	7,216
Contractual services	49,467	18,369	9,260	77,096
Depreciation	5,257	188	630	6,075
Educational materials	14,193	- 0 -	- 0 -	14,193
Equipment expenses	17,073	925	141	18,139
Financial services	16,108	37,585	- 0 -	53,693
Insurance	- 0 -	2,146	- 0 -	2,146
Miscellaneous	3,019	7,197	199	10,415
NAMI Walks	- 0 -	- 0 -	26,367	26,367
Occupancy	33,900	3,803	753	38,456
Office supplies	1,558	490	7	2,055
Postage	2,561	153	1,185	3,899
Printing	64	13	2,074	2,151
Program events and development	17,678	- 0 -	- 0 -	17,678
Telephone	7,751	495	160	8,406
Training	33,240	- 0 -	- 0 -	33,240
Travel	8,443	161	24	8,628
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 458,522</u>	<u>\$ 79,516</u>	<u>\$ 52,480</u>	<u>\$ 590,518</u>

See accompanying notes to financial statements

NAMI MARYLAND, INC.

Statements of Cash Flows
For the Years Ended March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 34,295	\$ (18,809)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,057	6,075
Realized and unrealized (gains) losses on investments	1,875	(8,704)
Fair value of contributed property and equipment	- 0 -	(2,000)
Gain on disposal of property and equipment	- 0 -	(24)
(Increase) decrease in operating assets:		
Grants and contracts receivable	(6,314)	(31,907)
Other receivables	(2,415)	404
Inventory	541	67
Prepaid expenses	4,568	7,155
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(3,091)	1,406
Deferred revenue	1,910	(8,742)
	<u>40,426</u>	<u>(55,079)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(5,488)	(3,268)
Proceeds on sale of investments	10,000	60,000
Purchase of property and equipment	(7,765)	(10,210)
Proceeds on disposal of property and equipment	- 0 -	210
	<u>(3,253)</u>	<u>46,732</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing on line of credit	10,857	14,793
Repayments on line of credit	(20,758)	(19,586)
	<u>(9,901)</u>	<u>(4,793)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,272	(13,140)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,765</u>	<u>14,905</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 29,037</u>	<u>\$ 1,765</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Fair value of contributed property and equipment	<u>\$ - 0 -</u>	<u>\$ 2,000</u>
Cash paid for interest	<u>\$ 857</u>	<u>\$ 154</u>

See accompanying notes to financial statements

NAMI MARYLAND, INC.

Notes to Financial Statements
March 31, 2015 and 2014

1. Organization and Summary of Significant Accounting Policies

Purpose of the 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 severe mental illnesses and their families.

The values that inform all NAMI actions include:

- Empowerment of families and their relatives with mental illness.
- Experts for the community: Family members and individuals with mental illness are the experts to improve systems and to provide community outreach and peer education.
- Effective peer-based, recovery-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 Support: NAMI Maryland offers effective, free peer education and support programs 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 like them.
- Community Outreach and Education: NAMI Maryland provides effective community education and outreach directly in collaboration with local NAMI affiliates, community partners and networks.
- 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.

NAMI MARYLAND, INC.

Notes to Financial Statements
March 31, 2015 and 2014

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

- Training to our stakeholders to tell their stories to decision makers and to educate them about mental illness.
- 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.

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 liabilities. As such, revenue is recognized when earned and expenditures when incurred.

Basis of Presentation - Contributions received or made are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted net assets represent net assets without donor imposed restrictions that are available for the support of the Organization.

Unrestricted board designated net assets represent net assets without donor imposed restrictions that are currently designated by the Board of Directors to be used at its discretion. Principal amounts can be transferred to fund operations or such other expenditures as the Board deems appropriate and at the Board's discretion.

Temporarily restricted net assets account for net assets that have donor imposed restrictions that permit the Organization to expend the donated assets as specified, and are satisfied either by the passage of time or by actions of the Organization. When the donor restriction expires, the temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as "net assets released from restrictions."

Permanently restricted net assets account for net assets that have donor imposed restrictions that permit the Organization to expend the income earned from the gifts. However, the Organization cannot expend the original principal. The Organization does not have any permanently restricted net assets.

NAMI MARYLAND, INC.

Notes to Financial Statements March 31, 2015 and 2014

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

Revenue Recognition - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 are reported in the statement of activities as net assets released from restrictions.

Cash and 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 represents amount due from local government agencies, foundations, and other organizations and are recorded at their net realizable value. 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. The Organization reports all realized and unrealized gains, losses, and income on investments as unrestricted support and revenue. 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.

Property and Equipment - Acquisitions of property and equipment over \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight line method over the useful lives of the assets. Computer software is amortized over a period of seven years. Leasehold improvements are depreciated over the lesser of the useful life of the improvements or the lease term. Office furniture and equipment are depreciated over a period of three to seven years.

Deferred Revenue - Advance payments in connection with the NAMIWalks event (see Note 5 for additional disclosures) are not considered earned until the event is conducted and are therefore classified as deferred revenue until earned.

NAMI MARYLAND, INC.

Notes to Financial Statements March 31, 2015 and 2014

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

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, 2015 and 2014 since the Organization had no taxable income from unrelated business activities. The Organization is also exempt from state income taxes.

There were no unrecognized tax benefits identified or recorded as liabilities for the years ended March 31, 2015 and 2014. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

Functional Allocation of Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates -The preparation of financial statements in conformity with generally accepted accounting principles 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 income and expenses during the reporting period. Actual results could differ from those estimates.

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. Contributed services totaling \$1,100 have been recognized in the financial statements for professional services provided to the Organization during the year ended March 31, 2015 and are reflected in the statement of activities for that period as revenue and expense. No such contributed services were received during the year ended March 31, 2014. The Organization occasionally receives other 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.

2. Investments and Fair Value

Fair value for investments is measured on a recurring basis and is determined by reference to quoted market prices and other relevant information generated by market transactions. All investments as of year-end are included in the Level 1, "Quoted Prices in Active Markets for Identical Assets," as discussed in FASB ASC guidance and the fair value hierarchy. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers during the years ended March 31, 2015 and 2014.

NAMI MARYLAND, INC.

Notes to Financial Statements
March 31, 2015 and 2014

2. Investments and Fair Value (continued)

Investment and money market balances were \$228,595 and \$234,982 as of March 31, 2015 and 2014, as follows:

	Fair Value Measurements at Reporting Date Using:	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	
	<u>2015</u>	<u>2014</u>
Money market funds	\$ 148,574	\$ 158,559
Mutual fund - equity	<u>80,021</u>	<u>76,423</u>
	<u>\$ 228,595</u>	<u>\$ 234,982</u>

Components of investment income were as follows for the years ended March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 5,488	\$ 3,268
Realized and unrealized gains (losses) on investments carried at fair value	<u>(1,875)</u>	<u>8,704</u>
Net investment income	<u>\$ 3,613</u>	<u>\$ 11,972</u>

3. Property and Equipment

Property and equipment as of March 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Property and equipment, at cost		
Computer software	\$ 24,602	\$ 24,602
Leasehold improvements	2,529	2,529
Office furniture and equipment	<u>26,198</u>	<u>26,230</u>
	53,329	53,361
Less: accumulated depreciation	<u>24,318</u>	<u>23,058</u>
	<u>\$ 29,011</u>	<u>\$ 30,303</u>

Depreciation expense for the years ended March 31, 2015 and 2014 was \$9,057 and \$6,075, respectively.

NAMI MARYLAND, INC.

Notes to Financial Statements March 31, 2015 and 2014

4. Net Assets

Unrestricted Board Designated Net Assets

Affiliate Development Fund

The mission of the NAMI Maryland Affiliate Development Fund ("ADF") is to assist local NAMI organizations in Maryland to enhance their NAMI affiliate status and to assist NAMI Maryland in meeting its responsibility as the NAMI statewide organization. The Board of Directors has designated 50% of all workplace giving campaign revenues to be apportioned to the existing Affiliate Development Fund balance. At March 31, 2015 and 2014, the ADF cumulative balance, which is designated for this purpose, was \$39,877 and \$32,660, respectively (see Note 5 for additional disclosures regarding payments made from this fund).

Board Discretionary Fund

From 1996 to 2012, the Board of Directors designated certain net assets as a quasi-endowment fund. In November 2012, the Board of Directors elected that this quasi-endowment fund be repurposed to fund a specific position within the Organization during the year ended March 31, 2014. If not used for this purpose, these funds were to be transferred to the Affiliate Development Fund. At March 31, 2013, the amount designated for this purpose was \$36,461. Expenses related to this position were incurred during the 2014 fiscal year, resulting in a release from designation of \$35,688 from the Board Discretionary Fund balance, with the remaining \$773 reclassified to the Affiliate Development Fund as of March 31, 2014.

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of \$60,464 and \$25,850 as of March 31, 2015 and 2014, which represents donor contributions restricted as follows:

	<u>2015</u>	<u>2014</u>
Affordable Care Act outreach and enrollment	\$ - 0 -	\$ 14,600
Criminal justice programs	9,375	- 0 -
Equipment purchases	6,089	- 0 -
Military and veterans programs	30,000	- 0 -
Youth-oriented programs	15,000	11,250
	<u>\$ 60,464</u>	<u>\$ 25,850</u>

NAMI MARYLAND, INC.

Notes to Financial Statements March 31, 2015 and 2014

5. Affiliate Transactions

Affiliate Development Fund

Using funds from the Board designated Affiliate Development Fund (see Note 4 for additional disclosures), the Organization provides grants to the local affiliates. During the year ended March 31, 2014, the Organization authorized and paid direct grants and other related costs of \$7,216. In 2015, no direct grants were paid to the local affiliates.

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. The Organization is the franchise holder for the event held in Maryland and incurs all of the expenses related to the event. 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 affiliates who participate. In accordance with the Affiliate Agreement, each participating affiliate who raises money for the event receives a percentage of the gross revenues that they 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 National 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Gross proceeds	<u>\$ 180,332</u>	<u>\$ 222,506</u>
Revenue share allocated to NAMI National	16,971	21,151
Revenue share allocated to affiliates	76,419	84,531
Direct expenses	<u>10,404</u>	<u>26,367</u>
	<u>103,794</u>	<u>132,049</u>
	<u>\$ 76,538</u>	<u>\$ 90,457</u>

6. 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, 2015 and 2014, the Organization did not make any contributions to this plan.

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Notes to Financial Statements March 31, 2015 and 2014

7. 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 can be renewed each September, but can be terminated by either party with 60 days notice. Upon termination, all outstanding balances are due on demand. The line of credit is collateralized by the Organization's accounts with the bank. As of March 31, 2015 and 2014, the Organization was paying interest at a rate of 5.75% and had an outstanding balances of \$-0- and \$9,901, respectively.

8. Operating Lease Commitments

The Organization leases office space and office equipment under operating leases that expire in March 2020 and March 2016, respectively. Future minimum rental payments under these leases for the years ended March 31 are as follows:

2016	\$	50,297
2017		36,690
2018		37,790
2019		38,924
2020		40,092

Rental expense under these leases for the years ended March 31, 2015 and 2014 was \$50,089 and \$51,005, respectively. These costs are included in occupancy and equipment expenses within the accompanying statements of functional expenses.

9. 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.

10. Subsequent Events

Management has evaluated subsequent events through October 20, 2015, the date the financial statements were available to be issued.

On June 19, 2015, the Organization's line of credit was renewed for an additional one year period ending on September 28, 2016 with the same terms and conditions, other than expiration date, as set forth in the original line of credit agreement.