

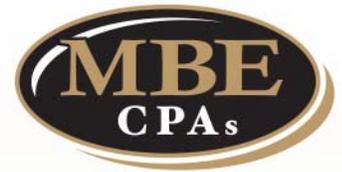
NAMI Wisconsin, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

NAMI Wisconsin, Inc.
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Independent Auditor's Report

To the Board of Directors of:
NAMI Wisconsin, Inc. (a nonprofit organization)
Madison, WI

Report on the Financial Statements

We have audited the accompanying financial statements of NAMI Wisconsin, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Wisconsin Department of Health Services Audit Guide, (*DHS Audit Guide*). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI Wisconsin, Inc., as of December 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards, Notes to the Schedule of Expenditures of Federal and State Awards, and the Settlement of DHS Cost Reimbursement Awards as required by the *DHS Audit Guide*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards* and the *DHS Audit Guide*

In accordance with *Government Auditing Standards*, and the *DHS Audit Guide*, we have also issued our report dated August 11, 2020 on our consideration of NAMI Wisconsin, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *DHS Audit Guide* in considering NAMI Wisconsin, Inc.'s internal control over financial reporting and compliance.

MBE CPAs, LLP

Reedsburg, WI
August 11, 2020

NAMI Wisconsin, Inc.
Statements of Financial Position
As of December 31, 2019 and 2018

Assets	2019	2018 (Restated)
Current Assets		
Cash	\$ 97,485	\$ 157,394
Grants receivable	101,527	45,697
Prepaid expenses	2,019	1,432
Total Current Assets	201,031	204,523
Property and Equipment		
Land	40,000	40,000
Building	223,477	223,477
Building improvements	230,544	225,562
Equipment	11,216	36,799
Less accumulated depreciation	(333,234)	(353,060)
Net Property and Equipment	172,003	172,778
Total Assets	\$ 373,034	\$ 377,301
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,583	\$ 988
Accounts payable - related parties	-	572
Payroll taxes payable	1,467	-
Accrued salaries and wages	12,964	11,822
Accrued paid time off	7,428	1,432
Credit card payable	8,004	2,895
Total Current Liabilities	31,446	17,709
Total Liabilities	31,446	17,709
Net Assets		
Net Assets without Donor Restrictions	328,164	343,816
Net Assets with Donor Restrictions	13,424	15,776
Total Net Assets	341,588	359,592
Total Liabilities and Net Assets	\$ 373,034	\$ 377,301

The notes to the financial statements are an integral part of this statement.

NAMI Wisconsin, Inc.
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019			2018 (Restated)		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenues and Other Support						
Grant revenue	\$ 405,853	\$ -	\$ 405,853	\$ 366,098	\$ 20,000	\$ 386,098
Contributions	71,594	-	71,594	99,082	-	99,082
Conferences	38,222	-	38,222	33,268	-	33,268
Membership dues	20,537	-	20,537	25,148	-	25,148
Other income	2,805	-	2,805	9,618	-	9,618
Net assets released from restrictions	2,352	(2,352)	-	20,961	(20,961)	-
Total Revenues and Other Support	541,363	(2,352)	539,011	554,175	(961)	553,214
Expenses						
Program Services						
Family Self-Help and Peer Support	275,406	-	275,406	280,346	-	280,346
Crisis Intervention Training	133,345	-	133,345	144,594	-	144,594
Other	3,852	-	3,852	4,224	-	4,224
Total Program Services	412,603	-	412,603	429,164	-	429,164
Supporting Services						
Management and general	151,627	-	151,627	145,274	-	145,274
Total Supporting Services	151,627	-	151,627	145,274	-	145,274
Total Expenses	564,230	-	564,230	574,438	-	574,438
Other Income and Expense						
Interest Income	44	-	44	-	-	-
Insurance proceeds	22,396	-	22,396	-	-	-
Interest Expense	(185)	-	(185)	-	-	-
Unallowable Expense	(15,040)	-	(15,040)	-	-	-
Total Other Income and Expense	7,215	-	7,215	-	-	-
Increase (Decrease) in Net Assets	(15,652)	(2,352)	(18,004)	(20,263)	(961)	(21,224)
Net Assets - Beginning of Year	343,816	15,776	359,592	364,079	16,737	380,816
Net Assets - End of Year	\$ 328,164	\$ 13,424	\$ 341,588	\$ 343,816	\$ 15,776	\$ 359,592

The notes to the financial statements are an integral part of this statement.

NAMI Wisconsin, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services			Supporting Services	Total
	Family Self-Help and Peer Support	Crisis Intervention Training	Other Programs	Management & General	
Functional Expenses					
Salaries and wages	\$ 130,215	\$ 55,273	\$ -	\$ 88,451	\$ 273,939
Employee benefits	1,929	1,090	-	672	3,691
Payroll taxes	10,407	4,345	-	6,264	21,016
Total Salaries, Wages and Related Expenses	142,551	60,708	-	95,387	298,646
Advertising	426	50	-	2,817	3,293
Affiliates	2,748	-	-	2,221	4,969
Bank charges	39	-	-	1,985	2,024
Board expenses	83	14	-	3,838	3,935
Conference	27,681	186	1,007	303	29,177
Depreciation	4,005	1,022	-	2,827	7,854
Dues and subscriptions	2,862	3	-	594	3,459
Educational supplies	747	-	-	616	1,363
Insurance	2,560	667	-	1,592	4,819
Office expenses	4,362	5,961	-	2,505	12,828
Outreach	1,183	-	-	2,554	3,737
Postage	2,135	551	-	1,397	4,083
Printing and copying	16,605	15	-	5,833	22,453
Professional fees	8,313	792	-	10,455	19,560
Repairs and maintenance	767	85	-	2,836	3,688
Small equipment expense	4,651	1,186	-	3,284	9,121
Telephone	1,288	-	-	631	1,919
Training	38,277	58,633	2,680	865	100,455
Travel	4,194	746	165	827	5,932
Utilities	1,412	728	-	2,051	4,191
Website and Technology	8,517	1,998	-	6,209	16,724
Total Functional Expenses	\$ 275,406	\$ 133,345	\$ 3,852	\$ 151,627	\$ 564,230

The notes to the financial statements are an integral part of this statement.

NAMI Wisconsin, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services			Supporting Services	Total
	Family Self-Help and Peer Support	Crisis Intervention Training	Other Programs	Management & General	
Functional Expenses					
Salaries and wages	\$ 143,423	\$ 51,977	\$ -	\$ 73,323	\$ 268,723
Employee benefits	1,968	909	-	778	3,655
Payroll taxes	12,687	4,581	-	6,488	23,756
Total Salaries, Wages and Related Expenses	158,078	57,467	-	80,589	296,134
Advertising	165	-	-	-	165
Affiliates	1,536	-	-	3,358	4,894
Bank charges	-	-	-	2,151	2,151
Board expenses	145	2,646	-	1,015	3,806
Depreciation	-	-	-	6,488	6,488
Dues and subscriptions	219	843	-	1,262	2,324
Educational supplies	2,609	967	40	3,688	7,304
Insurance	965	1,082	-	4,396	6,443
Office expenses	2,119	870	-	1,116	4,105
Outreach	3,924	5,174	-	452	9,550
Postage	759	843	91	300	1,993
Printing and copying	14,517	658	3,210	1,489	19,874
Professional fees	4,875	198	-	7,715	12,788
Repairs and maintenance	233	995	-	20,906	22,134
Small equipment expense	559	-	-	591	1,150
Telephone	2,527	-	-	1,244	3,771
Training	81,097	63,149	883	4,245	149,374
Travel	4,131	8,057	-	3,165	15,353
Utilities	1,888	1,645	-	1,104	4,637
Total Functional Expenses	\$ 280,346	\$ 144,594	\$ 4,224	\$ 145,274	\$ 574,438

The notes to the financial statements are an integral part of this statement.

NAMI Wisconsin, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018 (Restated)
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ (18,004)	\$ (21,224)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,854	6,488
(Increase) decrease in assets:		
Grants receivable	(55,830)	(2,848)
Promises to give	-	5,000
Prepaid expenses	(587)	738
Increase (decrease) in liabilities:		
Accounts payable	595	988
Accounts payable - related parties	(572)	172
Payroll taxes payable	1,467	
Accrued salaries and wages	1,142	3,625
Accrued paid time off	5,996	1,057
Credit card payable	5,109	2,008
Net Cash Provided by (Used in) Operating Activities	<u>(52,830)</u>	<u>(3,996)</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(7,079)	(8,883)
Net Cash Provided by (Used in) Investing Activities	<u>(7,079)</u>	<u>(8,883)</u>
Net Increase (Decrease) in Cash	(59,909)	(12,879)
Cash - Beginning of Year	<u>157,394</u>	<u>170,273</u>
Cash - End of Year	<u>\$ 97,485</u>	<u>\$ 157,394</u>

The notes to the financial statements are an integral part of this statement.

NAMI Wisconsin, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Note A – Summary of Significant Accounting Policies

Nature of Operations

NAMI Wisconsin, Inc. (the Organization) promotes the interests of the mentally ill, enlightens and educates the public on the problems of the mentally ill, encourages the organization of local affiliate groups within Wisconsin composed of families and friends of people with mental illness, and collects and disseminates information pertinent to mental illness to the affiliate groups. The Organization is funded primarily by contracts with the Wisconsin Department of Health Services and contributions from the public. The financial statements have been prepared solely from the accounts of NAMI Wisconsin, Inc.

Basis of Accounting

The financial statements of NAMI Wisconsin, Inc. are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and reflect all significant receivables, payables, and other liabilities, accordingly.

Estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include cash on hand, demand deposits, nonnegotiable certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

Grants Receivable

Grant funds receivable are considered to be fully collectible and measured at fair value; therefore, no allowance for uncollectible amounts has been established.

Impairment of long-lived assets

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. No impairment loss was recognized for the years ended December 31, 2019 and 2018.

Property and Equipment

Property and equipment are carried at cost. The Organization capitalizes all expenditures for property and equipment of \$1,000 or more. Depreciation is computed using primarily the straight line method based on the estimated useful lives of the related assets ranging from five to thirty-nine years.

Ordinary maintenance and repairs of property and equipment are charged to operations when incurred. Betterments and renewals are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and related accumulated depreciation are eliminated from the account and any resulting gain or loss is included in operations.

NAMI Wisconsin, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Note A – Summary of Significant Accounting Policies (Continued)

Property and Equipment (continued)

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 contributions. 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.

Depreciation expense totaled \$7,854 and \$6,488 for the years ended December 31, 2019 and 2018 respectively. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes based on the following estimated useful lives:

	<u>Years</u>
<i>Property and Equipment</i>	
Buildings and Building Improvements	10 – 39
Equipment	5 – 7

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Government Grants

Certain NAMI Wisconsin, Inc. programs are funded by service contracts with the Wisconsin Department of Health Services. Revenue from the contracts is based upon the actual cost of providing such services up to the maximum amount specified in the contracts. Costs allocated to these programs are in accordance with established procedures and are subject to audit by the government agency contracted to fund such programs. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Membership Dues

Membership dues consist of amounts received from the local affiliates in Wisconsin. Membership in NAMI Wisconsin, Inc. is on a calendar year basis and membership dues received are treated as current period revenue.

Revenue Recognition

NAMI Wisconsin, Inc. receives substantially all of its grant and contract revenue from State agencies. Revenue under reimbursable grant agreements is recognized when expenses are incurred. For other grant agreements, revenue is recognized based upon when services are performed.

NAMI Wisconsin, Inc. also receives revenue from sales of tickets to an annual training conference event. Sales of attendance fees are recognized when the service is rendered, when the event occurs, in an amount that reflects the consideration the Organization is entitled to in exchange for the service. Revenue is recognized when the event occurs, which happens near the time payment is made by the customer, within the same fiscal period. For the years ended December 31, 2019 and 2018, the Organization recognized revenue of \$38,222 and \$33,268, respectively, from goods and services under contracts that transfer to the customer at a point in time.

NAMI Wisconsin, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Note A – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (continued)

The Organization does not have any significant financing components because their payment terms require immediate payment. At times the Company may issue refunds. However, because refunds are infrequent and minimal, the Organization does not record a reserve for these refunds at the time they recognize revenue.

Contributions Received

The Organization reports gifts of cash and other assets as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions as shown in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets.

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and the cost allocation plan approved by the Organization's management.

NAMI Wisconsin, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Note A – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. The following expenses are included in the accompanying financial statements:

Program Services – Includes providing education and training to the public and professionals as well as, medical treatment, rehabilitation, and recovery support for persons with serious mental illness.

Supporting Services – Includes professional fees, insurance, and payroll for staff time allocated to general operations. Support Services also includes a proportionate share of the costs of operating the building as well as office administration expenses.

Compensated absences

Paid time off is earned based on years of service with the Organization. Up to 40 hours of paid time off may be carried over from calendar year to calendar year. Any paid time off in excess of 40 hours can be carried over only with the approval of management. Upon termination of employment, employees will be paid their total accrued paid time off balance. As of December 31, 2019 and 2018, accrued paid time off was \$7,428 and \$1,432, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Advertising

The Organization expenses advertising costs when they are paid. Advertising expense totaled \$3,293 and \$165 for the years ended December 31, 2019 and 2018, respectively.

Accounting for Uncertainty in Income Taxes

The Organization has evaluated for uncertain tax positions. Management has determined there are no uncertain tax positions as of December 31, 2019 and 2018. Both Federal and State tax returns remain open for examination by tax jurisdictions through their respective statute of limitations.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

Date of Management's Review – Management has evaluated subsequent events through August 11, 2020, the date on which the financial statements were available to be issued.

Note B – Uninsured Cash

The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. There may be times during the year that the Organization's balances are in excess of the FDIC limits. However, at December 31, 2019, the Organization did not have balances in excess of the FDIC insured limits.

NAMI Wisconsin, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Note C – Concentrations

Approximately 75% and 66% of the Organization’s revenue in 2019 and 2018, respectively, was obtained from the Wisconsin Department of Health Services. A significant reduction in the level of this funding may have an adverse effect on NAMI Wisconsin, Inc.’s programs and activities.

Note D—Commitments and Contingencies

The Organization has received grants for specific purposes that are subject to review and audit by the oversight agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed.

Note E – Provisions for Contract Repayment

NAMI Wisconsin, Inc. derives a portion of its support and revenues from its contracts with the Wisconsin Department of Health Services. Contract related payments are based on reimbursement of actual expenses. Contract related payments include payments received by the Organization during 2019 and 2020 for services performed during 2019. Such payments are to be distinguished from revenues under the accrual basis of accounting in that any payments in excess of the allowable expenses and allowable profit must be returned. Allowable expenses are determined based on policies and regulations set by the Department of Health Services.

Note F – Liquidity and Availability of Resources

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts restricted by donors for a specified use.

<u>Financial Assets at year end:</u>	<u>2019</u>	<u>2018</u>
Cash and Cash equivalents	\$ 97,485	\$ 157,394
Grants receivable	<u>101,527</u>	<u>45,697</u>
Total	199,012	203,091
Less those unavailable for general expenditures within one year:		
Contractual or donor-imposed restrictions:		
Restricted for Youth Programs	<u>13,424</u>	<u>15,776</u>
Total contractual or donor restricted assets	<u>13,424</u>	<u>15,776</u>
Financial assets available to meet cash needs for general purposes within one year:	<u>\$ 185,588</u>	<u>\$ 187,315</u>

As part of the organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the case of unanticipated liquidity needs, the organization would look to borrow funds from an outside source. The Organization does not hold a liquidity reserve.

Note G – Net Assets with Donor Restrictions

The Organization received grants which were restricted for various purposes and programs. As of December 31, 2019, \$13,424 of net assets were restricted for Youth Programs. As of December 31, 2018, \$15,776 of net assets were restricted for Youth Programs

NAMI Wisconsin, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Note H – Related Parties

The Organization has 33 affiliates that serve as local chapters of the Organization. The Organization has no ownership or voting interests in these local chapters. The Organization provides technical and program assistance to the local chapters and in return receives a portion of all membership dues raised by the local chapters. The Organization received \$20,537 and \$25,148 as its share of membership dues from local chapters in 2019 and 2018 respectively.

For the years ended December 31, 2019 and 2018, the total amount of support provided to affiliates was \$30,138 and \$46,358 respectively, and total outstanding accounts payable to affiliates was \$0 and \$572, respectively.

Note I – Retirement Plan

The Organization has a defined contribution retirement plan for eligible employees. NAMI Wisconsin, Inc. makes contributions to the plan matching up to three percent of the participating employee's salaries. For the years ended December 31, 2019 and 2018, expenses under this plan were \$4,300 and \$3,215, respectively.

Note J – Prior Period Adjustment

A prior period adjustment was made to record grant revenue earned in the prior period. Grant revenues and receivables both increased by \$17,100, and as a result net assets without donor restrictions also increased by \$17,100 for the year ended December 31, 2018.

Note K – Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported overall net assets.

Note L – Change in Accounting Principle

Effective January 1, 2019, the Organization adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and related amendments, which creates a single source for revenue guidance for all companies in all industries and is more principles-based than previous revenue guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services. The Organization adopted the standard using the full retrospective approach. The adoption of this standard did not result in significant changes to the company's accounting policies, business processes, systems or controls, or have a material impact on its financial position, results of operations or cash flows. As such, prior period financial statements were not restated.

In June of 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update addresses accounting guidance for evaluation of whether transactions should be accounted for as contributions or as exchange transactions and to determine whether a contribution is conditional. The Organization has implemented ASU 2018-08 using the full retrospective approach. The adoption of this standard did not result in significant changes to the company's accounting policies, business processes, systems or controls, or have a material impact on its financial position, results of operations or cash flows. As such, prior period financial statements were not restated.

NAMI Wisconsin, Inc.
Notes to the Financial Statements
December 31, 2019 and 2018

Note M – Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets, including the geographical area in which the Organization operates. The extent of the impact of COVID-19 on operational and financial performance of the Organization will depend on certain developments, including the duration and spread of the outbreak, impact on the commodity market, their customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions. However, that impact cannot be reasonably estimated at this time.

Supplementary Information

NAMI Wisconsin, Inc.
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Pass-Through Program From: Wisconsin Department of Health and Human Services				
Block Grant for Community Mental Health Services	93.958	531050	<u>\$ 279,542</u>	
Total Expenditures for Federal Awards			<u><u>\$ 279,542</u></u>	
State Grantor / Pass through Grantor / Program or Cluster Title		State Identifying Number	State Expenditures	Passed Through to Subrecipients
Wisconsin Department of Health and Human Services				
Crisis Intervention Training		435.533716	<u>\$ 124,811</u>	<u>\$ 30,138</u>
Total Expenditures of State Awards			<u><u>\$ 124,811</u></u>	<u><u>\$ 30,138</u></u>

The notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this statement.

NAMI Wisconsin, Inc.
Notes to the Schedule of Expenditures of Federal and State Awards
December 31, 2019

Note A – Basis of Presentation

The Schedule of Expenditures of Federal and State Awards (the Schedule) includes the Federal and State grant activity of NAMI Wisconsin, Inc. under programs of the Federal and State Government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of the *DHS Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the accompanying statements. Because the Schedule presents only a selected portion of the operations of NAMI Wisconsin, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of NAMI Wisconsin, Inc.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *DHS Audit Guide*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The ten percent de minimus indirect cost rate is not used for administration costs as the organization has an approved cost allocation plan. Pass-through entity identifying numbers are presented where available.

NAMI Wisconsin, Inc.
Settlement of DHS Cost Reimbursement Awards
For the Year Ended December 31, 2019

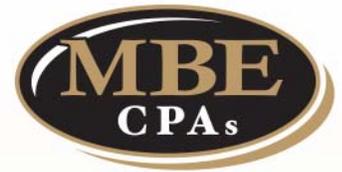
DHS identification Number	CARS profile 533716	CARS profile 533716	CARS profile 531050
Award amount	\$125,000	\$125,000	\$296,875
Award period	7/1/18 - 6/30/19	7/1/19 - 6/30/20	1/1/19-12/31/19
Period of award within audit period	1/1/19 - 6/30/19	6/1/19 - 12/31/19	1/1/19-12/31/19
A. Expenditures reported to DHS for Payment	\$ 48,000	\$ 76,811	\$ 279,542
B. Total operating costs of the award			
Program expenses			
Salaries and wages	26,747	28,526	130,215
Payroll taxes	2,246	2,099	10,407
Payroll benefits	493	597	1,929
Professional fees	-	792	8,313
Training and conference	8,623	50,196	68,706
Travel - staff	318	428	4,194
Copying and printing	15	-	16,605
Outreach	-	50	1,609
Total program expenses	38,442	82,688	241,978
Management and general expenses			
Depreciation	511	511	4,005
Website and technology	-	1,998	8,517
Telephone	-	-	1,288
Repairs and maintenance	-	85	5,418
Board expenses	-	14	2,984
Insurance	-	667	2,560
Office supplies	1,324	5,826	5,109
Postage	465	86	2,135
Utilities	385	343	1,412
Total management and general expenses	2,685	9,530	33,428
B. Total operating costs of the award	41,127	92,218	275,406
C. Less disallowed costs	-	-	-
D. Less program revenue and other offsets to costs	-	-	-
E. Total Allowable costs	\$ 41,127	\$ 92,218	\$ 275,406
F. Gain or (loss) on award	\$ 6,873	\$ (15,407)	\$ 4,136

See Independent Auditor's Report

NAMI Wisconsin, Inc.
Settlement of DHS Cost Reimbursement Awards
For the Year Ended December 31, 2018

DHS identification Number	CARS profile 533716	CARS profile 533716	CARS profile 531050
Award amount	\$125,000	\$125,000	\$240,875
Award period	7/1/17 - 6/30/18	7/1/18 - 6/30/19	1/1/18-12/31/18
Period of award within audit period	1/1/18 - 6/30/18	6/1/18 - 12/31/18	1/1/18-12/31/18
A. Expenditures reported to DHS for Payment	\$ 79,500	\$ 62,411	\$ 240,875
B. Total operating costs of the award			
Program expenses			
Salaries and wages	21,729	30,248	143,424
Payroll taxes	2,059	2,522	12,687
Payroll benefits	417	492	1,969
Professional fees	-	198	4,875
Training	19,550	43,599	83,810
Travel - staff	749	7,308	4,130
Copying and printing	-	658	14,517
Outreach	-	6,983	5,741
Total program expenses	44,504	92,008	271,153
Management and general expenses			
Telephone	-	-	2,527
Repairs and maintenance	-	995	792
Board expenses	1,423	1,223	144
Insurance	-	1,082	965
Office supplies	64	806	2,118
Postage	48	796	759
Utilities	909	736	1,888
Total management and general expenses	2,444	5,638	9,193
B. Total operating costs of the award	46,948	97,646	280,346
C. Less disallowed costs	-	-	-
D. Less program revenue and other offsets to costs	-	-	-
E. Total Allowable costs	\$ 46,948	\$ 97,646	\$ 280,346
F. Gain or (loss) on award	\$ 32,552	\$ (35,235)	\$ (39,471)

See Independent Auditor's Report



www.mbecpa.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards and the DHS Audit Guide*

To the Board of Directors of:
NAMI Wisconsin, Inc. (a nonprofit organization)
Madison, WI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *DHS Audit Guide*, the financial statements of NAMI Wisconsin, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NAMI Wisconsin, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAMI Wisconsin, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of NAMI Wisconsin, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2019-002 and 2019-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAMI Wisconsin, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the *DHS Audit Guide* which are described in the accompanying schedule of findings and questioned costs as items 2019-004 and 2019-005.

NAMI Wisconsin, Inc.'s Response to Findings

NAMI Wisconsin, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. NAMI Wisconsin, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *DHS Audit Guide* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MBE CPAs, LLP

Reedsburg, WI
August 11, 2020

NAMI Wisconsin, Inc.
Schedule of Prior Year Findings
Year Ended December 31, 2019

Material Weakness

2018-001 Material Adjusting Entry

Condition: A material adjusting entry to NAMI Wisconsin, Inc.'s accounting records was required in order for the financial statements to be free from material misstatement.

Current status: This is a recurring finding. See schedule of findings and questioned costs 2019-001.

Significant Deficiencies

2018 – 002 - Segregation of Duties

Condition: NAMI Wisconsin, Inc. (the Organization) lacks proper segregation of duties with respect to accounting and financial reporting functions. Proper segregation of duties is necessary to prevent a situation where one person handles a transaction from beginning to end.

Current status: This is a recurring finding. See schedule of findings and questioned costs 2019-002.

2018 – 003 Preparation of the Financial Statements

Condition: The Organization does not have staff with the required experience or training to prepare the financial statements and related notes in accordance with accounting principles generally accepted in the United States of America.

Current status: This is a recurring finding. See schedule of findings and questioned costs 2019-003.

2018 – 004 Documentation Retention

Condition: The Organization failed to follow their written documentation retention policy for payroll and expense transaction documents.

Current status: Finding has been resolved.

Nonmaterial Non-Compliance

2018-005 Grant Award Drawdowns

Condition: Grant expenditures were reported and requested for reimbursement, prior to sufficient allowable expenditures being incurred by NAMI Wisconsin throughout the year.

Current status: This is a recurring finding. See schedule of findings and questioned costs 2019-004.

2018-006 Allocation plan of indirect costs

Condition: The Organization does not keep a detailed allocation plan for indirect costs across the Organization's programs.

Current status: Finding has been resolved.

**NAMI Wisconsin, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019**

Section I – Summary of Audit Results

Financial Statements

Type of Auditor’s report issued: Unqualified

Internal Control over financial reporting:

Material weakness identified? Yes

Significant deficiencies identified and not considered a material weakness Yes

Noncompliance material to the financial statements? No

Section II – Financial Statement Findings

Material Weakness

2019-001 Material Adjusting Entries

Condition: Material adjusting entries to NAMI Wisconsin, Inc.’s accounting records were required in order for the financial statements to be free from material misstatement.

Criteria: Proper staff training should be present in order for the financial statements and related notes to be prepared in accordance with generally accepted accounting principles, free from material misstatement.

Cause: Lack of advanced knowledge in the accounting field.

Effect: If left uncorrected, revenues would be overstated and prior period grants receivable and net assets without donor restriction would be understated by \$17,100, also fixed assets and accumulated depreciation would be overstated by \$27,679.

Recommendation: Training in the accounting field should be attended annually by personnel in charge of the financial statements.

View of Responsible Officials: We acknowledge our responsibility for proper financial recording and we will work with our bookkeeper to ensure proper recording of financial transactions.

Significant Deficiencies

2019 – 002 - Segregation of Duties

Condition: NAMI Wisconsin, Inc. (the Organization) lacks proper segregation of duties with respect to accounting and financial reporting functions. Proper segregation of duties is necessary to prevent a situation where one person handles a transaction from beginning to end. This condition is further discussed under the following four categories:

Authorization – For the payroll processes, management does approve hours and pay rates prior to processing payroll. For cash disbursements, management authorizes all invoices prior to payment. Existing controls are preventative in nature.

NAMI Wisconsin, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Significant Deficiencies (continued)

2019 – 002 - Segregation of Duties (continued)

Custody – Most payments were processed by check and access to checks and equipment was secure. Existing controls are preventative in nature.

Recordkeeping – All invoices were entered into the accounting records on a software package. Existing controls are preventative in nature.

Reconciliation – Accountant prepares reconciliation of all accounts. Existing controls are preventative in nature.

Criteria: Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Proper segregation of duties should be evident in order to ensure that no single employee has control over all phases of a transaction.

Cause: The lack of proper segregations of duties is due to the limited number of employees and small staff size available to delegate all accounting functions.

Effect: As a result of the lack of proper segregation of duties, errors or intentional fraud could occur without being detected timely.

Recommendation: Management should continue to closely monitor the transactions that are occurring and segregate duties as much as possible given the level of staffing.

View of Responsible Officials: We acknowledge our responsibility for the implementation of internal controls. Due to our limited staff, it is not feasible for us to fully segregate all duties. We will work with our staff and bookkeeper to correct the finding to the best of our ability.

2019 – 003 Preparation of the Financial Statements

Condition: The Organization does not have staff with the required experience or training to prepare the financial statements and related notes in accordance with accounting principles generally accepted in the United States of America.

Criteria: Proper staff training should be present in order for the financial statements and related notes to be prepared in accordance with generally accepted accounting principles.

Cause: Lack of experience and training by Organization personnel in the accounting field.

Effect: Incorrect financial statement preparation could occur.

Recommendation: Training in the accounting field should be attended at least annually by Organization personnel in charge of the financial statements.

View of Responsible Officials: We acknowledge our responsibility for the financial statements. Adding staff with appropriate expertise to correct the deficiency is cost prohibitive. As determined feasible, we will continue to gain the required knowledge necessary for properly presenting financial statements.

NAMI Wisconsin, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Nonmaterial Non-Compliance

2019-004 Grant Award Drawdowns

Condition: Grant expenditures were reported and requested for reimbursement, prior to sufficient allowable expenditures being incurred which is required of reimbursement style grants.

Criteria: By completing the expenditure report to request funds, agencies are certifying that expenditures identified in the report are true and correct in the amounts stated and represent actual and necessary costs of administering provisions of the contract.

Cause: Monthly grant expenditure reporting process did not ensure expenditure reports tied to accounting records. Requests for reimbursement in the amount of \$4,136 were completed before expenses were incurred.

Effect: Non-compliance with terms of grant awards may jeopardize the organization's ability to successfully obtain future grant funding.

Recommendation: Controls should be put in place over reporting grant expenditure activity for reimbursement.

View of Responsible Officials: We acknowledge our responsibility for ensuring all financial reporting is accurate. We will work with our bookkeeper to correct the reporting and requests for reimbursement.

2019-005 Year-end Wage Reporting Completeness

Condition: The Organization submitted year-end wage filings that were lacking in completeness.

Criteria: The Organization is required by employment laws to complete and file accurate year-end wage filings on Form W-2 and W-3.

Cause: Payments made to employees outside of regular payroll were not included in year-end filing reports. An employee's individual gross wage on the W-2 and the overall gross wages on the W-3 were understated by \$7,500.

Effect: Incomplete or inaccurate filings may be subject to penalties from federal or state agencies.

Recommendation: Controls should be put in place over year-end wage reporting to verify completeness of forms before filing

View of Responsible Officials: We acknowledge our responsibility for ensuring all wage related reporting is accurate and complete. We have amended the current year filings to correct the issue. We will work with our staff to create and maintain proper procedures over year-end reporting for future years.

NAMI Wisconsin, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section III – Other Issues

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, significant deficiencies, material weakness, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *DHS Audit Guide*:

Department of Health Services	Yes
Department of Workforce Development	N/A
Department of Corrections	N/A

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

Name and Signature of partner



Chris E. Iverson, CPA

Date of Report

August 11, 2020

NAMI Wisconsin, Inc.
Corrective Action Plan (Unaudited)
For the Year Ended December 31, 2019

2019 – 001 – Material Adjusting Entries

Persons Responsible for Corrective Action: Mary Kay Battaglia, Executive Director and Kay Jewell, Board President

Planned Corrective Action: The deficiency has been discussed and we acknowledge our responsibility for preparing financial statements free of material adjustments. We are aware of this condition and we will work with our third party bookkeeper to complete proper entries throughout the year. We have taken steps to increase the training of our ED in the accounting field. She will be participating in other webinars and learning sessions in the accounting area over the coming months. Obtaining annual training in accounting will be an ongoing activity for our ED.

Anticipated Completion Date: December 31, 2020

2019 – 002 – Segregation of Duties

Persons Responsible for Corrective Action: Mary Kay Battaglia, Executive Director and Kay Jewell, Board President

Planned Corrective Action: The control deficiency has been discussed and we acknowledge our responsibility for maintaining proper internal controls. We are aware of this condition and realize it is not desirable from a control point of view. Due to the current size of the organization, we have outsourced payroll and general bookkeeping tasks to our third party bookkeeper to mitigate the risk without adding new staff. In addition, we have recently hired an Associated Director. We will review the current internal control procedures and modify them to include the Associate Director to increase segregation of duties.

Anticipated Completion Date: This will be an ongoing project

2019 – 003 – Preparation of the Financial Statements

Persons Responsible for Corrective Action: Mary Kay Battaglia, Executive Director and Kay Jewell, Board President

Planned Corrective Action: The control deficiency has been discussed and we acknowledge our responsibility for preparing financial statements and related notes. Due to the cost of adding the staff necessary to correct the deficiency, we cannot add staff with the knowledge needed to prepare the financial statements in accordance with GAAP, but we will continue to work with our third party bookkeeper to ensure all financials are kept in accordance with GAAP.

Anticipated Completion Date: This will be an ongoing project

2019 – 004 – Grant Award Drawdowns

Persons Responsible for Corrective Action: Mary Kay Battaglia, Executive Director and Kay Jewell, Board President

Planned Corrective Action: The deficiency has been discussed and we acknowledge our responsibility for compliance requirements with accounting policies of the DHS Audit Guide. We are aware of this condition and will work with our third party bookkeeper to ensure that all expenditures are correctly associated with each drawdown request.

Anticipated Completion Date: January 2020

NAMI Wisconsin, Inc.
Corrective Action Plan (Unaudited)
For the Year Ended December 31, 2019

2019 – 005 – Year-end Wage Reporting Completeness

Persons Responsible for Corrective Action: Mary Kay Battaglia, Executive Director and Kay Jewell, Board President

Planned Corrective Action: The deficiency has been discussed and we acknowledge our responsibility for compliance with employment laws and filing requirements. We are aware of this condition will work with our third party bookkeeper to ensure that all wages are correctly reported.

Anticipated Completion Date: December 31, 2020