



Beyond Accounting

NAMI CALIFORNIA
A NONPROFIT ORGANIZATION

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2018 AND 2017

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Beyond Accounting

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NAMI California
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of NAMI California (a non-profit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 California as of June 30, 2018 and 2017, and its 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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is 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 audits 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 taken as a whole.

BFBA, LLP

Sacramento, California
October 18, 2018

NAMI CALIFORNIA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 634,708	1,608,341
Investments	978,161	-
Accounts receivable	358,653	246,219
Prepaid expenses and other current assets	<u>29,192</u>	<u>33,513</u>
Total current assets	2,000,714	1,888,073
Property and equipment, net	<u>21,837</u>	<u>10,786</u>
Total assets	<u>\$ 2,022,551</u>	<u>1,898,859</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 109,484	76,715
Accrued expenses	97,236	50,770
Deferred revenue	<u>-</u>	<u>76,875</u>
Total current liabilities	206,720	204,360
Deferred rent liability	<u>13,314</u>	<u>16,127</u>
Total liabilities	<u>220,034</u>	<u>220,487</u>
Net assets		
Unrestricted	724,856	696,759
Unrestricted - Board designated	1,031,131	940,572
Temporarily restricted	<u>46,530</u>	<u>41,041</u>
Total net assets	<u>1,802,517</u>	<u>1,678,372</u>
Total liabilities and net assets	<u>\$ 2,022,551</u>	<u>1,898,859</u>

The accompanying notes are an integral part of these financial statements.

NAMI CALIFORNIA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Revenues and support		
Grants and contracts	\$ 1,471,313	1,106,595
Conference revenue	246,110	129,095
Contributions	216,863	189,930
Membership	53,452	44,588
Interest income	4,012	2,774
Other revenue	1,489	2,289
In-kind revenue	1,058	4,084
Investment (loss) income	(11,335)	-
Subtotal	1,982,962	1,479,355
Net assets released from restrictions	330	(286)
Total revenues and support	1,983,292	1,479,069
Expenses		
Program services		
MHSA/OAC contracts	879,768	216,967
CalMHSA	195,278	451,091
OSHDP contract	110,298	248,071
Legislative advocacy	93,095	94,639
EMM grant	22,270	-
CDE contract	6,999	16,378
Blue Shield contract	5,316	-
St. Joseph's contract	2,666	2,864
Criminal justice	330	(286)
Web contract	-	35,772
NAMI peer-to-peer recovery education	-	5,705
NAMI family-to-family education	-	1,469
Total program services	1,316,020	1,072,670
Supporting services		
Administrative expenses	263,207	128,583
Conference expenses	214,605	114,391
Membership	56,980	46,871
Fundraising	13,824	26,025
Total supporting services	548,616	315,870
Total expenses	1,864,636	1,388,540
Increase in unrestricted net assets	118,656	90,529
Temporarily restricted net assets		
Contributions	5,819	7,063
Net assets released from restrictions	(330)	286
Increase in temporarily restricted net assets	5,489	7,349
Increase in net assets	124,145	97,878
Net assets, beginning of year	1,678,372	1,580,494
Net assets, end of year	\$ 1,802,517	1,678,372

The accompanying notes are an integral part of these financial statements.

NAMI CALIFORNIA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase in net assets	\$ 124,145	97,878
Reconciliation of net cash provided by operating activities		
Depreciation expense	6,236	4,516
Investment loss	11,335	-
Changes in		
Accounts receivable	(112,434)	(129)
Prepaid expenses and other current assets	4,321	(4,221)
Accounts payable	32,769	(30,628)
Accrued expenses	46,466	(145)
Deferred revenue	(76,875)	(8,170)
Deferred rent liability	(2,813)	(665)
Net cash provided by operating activities	<u>33,150</u>	<u>58,436</u>
Cash flows from investing activities		
Purchases of property and equipment	(17,287)	-
Proceeds from sales of investments	567	-
Purchases of investments	(990,063)	-
Net cash used in investing activities	<u>(1,006,783)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(973,633)	58,436
Cash and cash equivalents, beginning of year	<u>1,608,341</u>	<u>1,549,905</u>
Cash and cash equivalents, end of year	<u>\$ 634,708</u>	<u>1,608,341</u>

The accompanying notes are an integral part of these financial statements.

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The National Alliance on Mental Illness California (NAMI California, or the Organization) is an organization that links together family support groups statewide with the common goals of improving the quality of life for the mentally ill citizens of California through individualized care and treatment, upgraded housing, increased research, and reduction of stigma. NAMI California provides education, information, and support to accomplish these goals.

NAMI California is guided by policy and resolutions passed at state conferences and decisions made by the State Board of Directors elected by individual family members.

NAMI California raises funds through memberships, donations, and grants. The Organization is operated from an office in Sacramento, California.

Programs and Services

NAMI California has 59 affiliates throughout the State of California. Each of the affiliates has different needs based on its size, location, and availability of community resources. Each of the affiliates holds regular meetings, offers education and support programs for families and consumers, and provides different types of community education (speaker's bureau, educational material, etc.). In addition, each affiliate offers other education programs based on where it is located, its size (from 10 to approximately 500 members), its existing community resources, and the resources available to the affiliate. In order to appropriately support the affiliates, it is essential that NAMI California supports what the affiliates are doing and assists them, whenever possible, in carrying out their goals. The Organization, therefore, offers a range of programs and services that every affiliate may elect to provide at a local level. NAMI California is very active in seeking funding to make all programs available to every affiliate.

NAMI Family-to-Family Education

This course places emphasis on family healing, providing insights into and resolution of the profound distress experienced by families and their close relatives as they struggle to cope with serious and persistent mental illness. The 12-week curriculum offers a wide range of information about mental illness and assists caregivers in understanding how the experience of living with mental illness affects their family member. This course is also available in Spanish.

NAMI California is partnering with its national organization as well as Providence St. Joseph's health system to bring the adaptation of Family to Family into a seminar form to California. In accomplishing this, NAMI California will work with both organizations to increase the capacity of NAMI Affiliates to offer this and other educational programs in their communities.

NAMI California is also working to increase use of technology for registration, participant data management, and seminar evaluation which will in turn increase training, education and support opportunities for families.

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs and Services (Continued)

NAMI Peer-to-Peer Recovery Education

This course offers people with mental illnesses information that will assist them in learning how to “live well with mental illness.” The nine-week program uses a combination of lecture, interactive exercises, and structured group processes to promote awareness, provide information, and offer opportunities to reflect on the impact of mental illness as it expresses itself uniquely through each participant’s life. The curriculum includes comprehensive information on the biological bases of mental illness; personal and interpersonal awareness; effectiveness and coping skills; relapse prevention; and information on addictions, spirituality, and basic self care. This course is available in Spanish.

NAMI Support Groups

The NAMI Support Group model offers a set of key structures and group processes for facilitators to use in common support group scenarios. Facilitator training is available; however, affiliates are not required to receive this specific training in order to provide support groups at the local level.

NAMI Provider Education

This program is designed for mental health service providers and their staff and is co-taught by consumers, professionals, and family members. This 10-week course presents a penetrating, subjective view of family and consumer experiences to providers and line staff at public agencies who work directly with people with severe and persistent mental illness. The course reflects a new knowledge base, the “lived experiences” of coping with mental illness or caring for someone who struggles with this life-long challenge.

NAMI Basics Education Program

This signature education program is for parents and other caregivers of children and adolescents living with mental illness. The course is taught by trained teachers who are the parent or other caregivers of individuals who developed the symptoms of mental illness prior to the age of 13 years. The six 2½ hour classes of instructional material, discussions, and interactive exercises assist parents of children and adolescents in understanding mental illnesses and empowers them to become effective advocates for their children. All instruction and course materials are free to class participants.

In Our Own Voice: Living with Mental Illness

In Our Own Voice (IOOV) is a unique public education program in which two trained consumer speakers share compelling personal stories about living with mental illness and achieving recovery. IOOV is an opportunity for those who have struggled with mental illness to gain confidence and to share their individual experiences of recovery and transformation. IOOV presentations are given to consumer groups, students, law enforcement officials, educators, providers, faith community members, politicians, professionals, inmates, and interested civic groups.

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs and Services (Continued)

MIAW (Mental Illness Awareness Week)

Established in 1990 by Congress, the first week of October is designated as Mental Illness Awareness Week. Every October, this NAMI tradition presents at all levels of the NAMI organization – National, State, and Local – through a variety of outreach, educational, and advocacy efforts.

Parents and Teachers as Allies

Parents and Teachers as Allies is an in-service mental health education program for school professionals. This one to two-hour in-service program focuses on helping school professionals and families within the school community better understand the early warning signs of mental illnesses in children and adolescents and how best to intervene so that youth with mental health treatment needs are linked with services. It also covers the lived experience of mental illnesses and how schools can best communicate with families about mental health related concerns.

NAMI Connection

This ongoing support group for people facing the challenges of recovering from a severe and a persistent mental illness provides a forum in which people with mental illness learn from each other's experiences; share coping strategies; and offer each other encouragement, understanding, and support. Many mental health consumers are isolated by their illness. The support group offers a powerful healing process as each individual discovers that they are not alone and that they have peers who understand their experiences and concerns.

Ending the Silence

Ending the Silence is a 50-minute program designed for high school audiences and is typically presented in the freshman/sophomore health classes during the mental health portion of the curriculum. This transformational program is devoted to giving students an opportunity to learn about mental illness through an informative PowerPoint, short videos, and personal testimony. Through the presentation, students learn symptoms and indicators of mental illness and are given ideas about how to help themselves, friends, or family members who may be in need of support.

Provider Education

Provider Education is a 5-week course that presents a penetrating, subjective view of family and consumer experiences with serious mental illness to line staff at public agencies who work directly with people experiencing severe and persistent mental illnesses. The course helps providers realize the hardships that families and consumers face and appreciate the courage and persistence it takes to live with and recover from mental illness.

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation

The financial statements of NAMI California have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, NAMI California is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets at June 30, 2018 and 2017.

Fair Value of Financial Instruments

NAMI California has financial instruments whereby the fair market value of the instruments could be different than that recorded on a historical basis on the accompanying statements of financial position. The carrying amounts of NAMI California's financial instruments generally approximate their fair values at June 30, 2018 and 2017.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all highly liquid investments with original maturities of three months or less, including money market mutual funds. Cash equivalents are stated at cost because that approximates market value.

Investments

ASC Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

- Level 1) Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2) Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3) Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt and equity securities at their fair values, based on quoted market prices, in the statement of financial position. Investment in money funds are reported at amounts that approximate market value. Investment income, and realized and unrealized gains and losses are included in the statement of activities as unrestricted income unless their use is restricted by explicit donor-imposed stipulations. Investments represent investment of funds available for operations and are available for sale.

As of June 30, 2018, investments, as defined by ASC Topic 820, were as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds and ETFs	\$ 978,161	978,161
Total	<u>\$ 978,161</u>	<u>978,161</u>

There were no investments held as of June 30, 2017.

Accounts Receivable

Accounts receivable consists primarily of amounts due from the California Mental Health Services Authority; the California Department of Mental Health for the Self-Help Network; and the California Office of Statewide Health Planning and Development. Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. Balances that are still outstanding after management has used reasonable collection efforts are charged to operations when that determination is made.

Property and Equipment

NAMI California capitalizes all expenditures for property and equipment in excess of \$1,000. Assets donated with explicit restrictions regarding their use, including contributions of cash that must be used to acquire property and equipment, are reported as temporarily or permanently restricted support, as appropriate. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Routine or anticipated maintenance costs are included in the preliminary and revised budgets each year and expensed in the year the maintenance occurs. Any non-routine or unanticipated maintenance costs are expensed in the year incurred.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization receives grants from the State of California and other agencies. Support received from these grants is recognized to the extent of expenses.

Contributions and memberships received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. 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 (when a stipulated time restriction ends or the purpose for the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. NAMI California has determined that contributions and memberships are reported in accordance with ASC Topic 958.

Investment Income

Investment income consists of interest and dividend income and realized and unrealized gains and losses on investments.

Income Taxes

NAMI California was organized as a California nonprofit organization and is exempt from income taxation under section 501(c)(3) of the Internal Revenue Code. The Organization is not considered to be a private foundation. As such, no part of the net earnings of the Organization may, in whole or in part, benefit any private shareholder or individual. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. During the years ended June 30, 2018 and 2017, NAMI California had no net unrelated business taxable income.

NAMI California's income tax returns are subject to examination by federal and California tax jurisdictions. There are no examinations currently in process. The Organization is no longer subject to income tax audits for fiscal years before 2015 and 2014, for federal and California tax jurisdictions, respectively.

Marketing

NAMI California uses marketing to promote its programs among the public it serves. The cost of marketing is charged to expense as incurred.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

NAMI California maintains cash in demand deposit accounts with federally insured institutions. At times during the year, the balances in these accounts may exceed the federally insured limits. The Organization has not experienced any losses on such accounts and believes they are not exposed to any significant credit risk related to cash and cash equivalents.

Subsequent Events

In preparing the accompanying financial statements, management has considered events that have occurred after June 30, 2018, through October 18, 2018, the date these financial statements were available for issuance.

New Accounting Pronouncements

In February 2016, the FASB issued an accounting standard that changes the way that leases are defined and the accounting for leases. The new accounting standard will require all non-cancellable leases to be reported on the statement of financial position as a lease liability with a corresponding right of use asset. The new accounting standard is effective retrospectively for the Organization for the year ending June 30, 2021. Management is evaluating the impact that the new accounting standard will have on the statement of financial position when it is implemented. Early adoption is permitted.

In August 2016, the FASB issued an accounting standard update that changes the financial statement report for not-for-profit entities. The accounting standard update is effective retrospectively for the Organization for the year ending June 30, 2019. Management is evaluating the impact that the new accounting standard will have on the statement of financial position and footnotes when it is implemented. Early adoption is permitted. The main provisions of the accounting standard update are as follows:

- Present on the face of the statement of financial position amounts for two classes of net assets (*net assets with donor restrictions* and *net assets without donor restrictions*) instead of the currently required three classes.
- Present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes.
- Remove the requirement to present or disclose the reconciliation to the indirect method on the statement of cash flows if the direct method of reporting is used on the statement of cash flows.
- Enhance footnote disclosures about designations and restrictions of net assets.
- Enhance footnote disclosures to provide qualitative information that communicates how a not-for-profit entity manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

- Enhance footnote disclosures to provide qualitative information, either on the face of the statement of financial position or in the footnotes that communicates the availability of a not-for-profit organization's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date.
- Report amounts of expenses by both their natural classification and their functional classification.
- Enhance footnote disclosures about the method(s) used to allocate costs among program and support functions.
- Report investment return net of expenses and remove the required footnote disclosures of those netted expenses.
- Use the placed-in-service date for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct long-term assets for such long-term assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: INVESTMENTS

As of June 30, 2018, investments were comprised of the follows:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds and ETFs	\$ 1,000,426	978,161
Total	<u>\$ 1,000,426</u>	<u>978,161</u>

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2: INVESTMENTS

Investment gain (loss) consists of the following for the year ended June 30, 2018:

Interest and dividend income	\$	16,028
Realized gains		37
Unrealized losses		(22,265)
Investment fees		<u>(5,135)</u>
Investment loss, net	\$	<u><u>(11,335)</u></u>

NOTE 3: PREPAID EXPENSES AND OTHER CURRENT ASSETS

At June 30, 2018 and 2017, prepaid expenses and other current assets were comprised of the following:

		<u>2018</u>	<u>2017</u>
Deposits	\$	3,943	3,943
Prepaid insurance		4,584	9,004
Other prepaid expenses & current assets		<u>20,665</u>	<u>20,566</u>
Total	\$	<u><u>29,192</u></u>	<u><u>33,513</u></u>

NOTE 4: PROPERTY AND EQUIPMENT

At June 30, 2018 and 2017, property and equipment consisted of the following:

		<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$	<u>134,532</u>	<u>117,245</u>
		134,532	117,245
Less: Accumulated depreciation		<u>(112,695)</u>	<u>(106,459)</u>
Property and equipment, net	\$	<u><u>21,837</u></u>	<u><u>10,786</u></u>

Depreciation expense was \$6,236 and \$4,516 for the years ended June 30, 2018 and 2017, respectively.

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5: ACCRUED VACATION PAY

The Organization has enacted a vacation policy based on years of services. The balances of accrued vacation payable at June 30, 2018 and 2017, were \$54,825 and \$23,524, respectively, and are included in accrued expenses on the accompanying statements of financial position.

NOTE 6: BOARD DESIGNATED NET ASSETS

At June 30, 2018 and 2017, unrestricted - Board designated net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Contingencies	\$ 1,027,494	-
Program support and development	3,637	3,414
Reserve funds	-	312,386
Real estate / capital improvement	-	312,386
Money market / investment account	-	312,386
	<u> </u>	<u> </u>
Total	\$ <u>1,031,131</u>	<u>940,572</u>

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018 and 2017, temporarily restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Criminal Justice	\$ 36,530	31,041
Family-to-Family	10,000	10,000
	<u> </u>	<u> </u>
Total	\$ <u>46,530</u>	<u>41,041</u>

NAMI CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8: EMPLOYEE BENEFIT PLAN

The Organization has established a Savings Incentive Match Plan for Employees of Small Employers (Simple IRA) retirement plan covering all employees after three months of employment. Two percent of each eligible employee's salary is matched by the Organization. The expense recognized for the years ended June 30, 2018 and 2017, was \$13,455 and \$11,698, respectively.

NOTE 9: OPERATING LEASES

The Organization leases office space under operating leases expiring in August 2020. Future minimum payments under these leases as of June 30, 2018, are as follows:

<u>Year ending June 30,</u>	
2019	\$ 68,378
2020	70,256
2021	<u>11,814</u>
Total	<u>\$ 150,448</u>

Rent expense under these leases during the years ended June 30, 2018 and 2017, was \$67,895 and \$65,110, respectively.

NOTE 10: CONTINGENT MATTERS

Various government agencies have the authority to audit the books and records of the Organization as they pertain to the grants and contracts they have awarded. As a result of these potential audits, some grant or contract costs could be disallowed which might create a liability to the Organization.

NOTE 11: RISKS AND UNCERTAINTIES

NAMI California periodically invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the statements of financial position.

NAMI California receives a substantial portion of its revenue from the State of California. During the years ended June 30, 2018 and 2017, grants revenue from the State of California totaled \$1,471,313 and \$1,106,595, or 74% and 74% of total revenues and support, respectively. Additionally, State contracts may be reduced or eliminated due to State budgeting shortfalls.

Supplemental Information

NAMI CALIFORNIA

ANNUAL CONFERENCE REVENUES AND SUPPORT AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenues and support		
Registration	\$ 246,110	129,095
Total revenues and support	<u>246,110</u>	<u>129,095</u>
Expenses		
Conferences expenses	177,766	20,381
Travel	14,356	75,472
Payroll and benefits	<u>22,483</u>	<u>18,538</u>
Total expenses	<u>214,605</u>	<u>114,391</u>
Excess of conference revenues and support over expenses	<u>\$ 31,505</u>	<u>14,704</u>

NAMI CALIFORNIA

PROGRAM, FUNDRAISING, MEMBERSHIP,
AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Payroll	\$ 851,576	583,719
Other expenses	163,414	142,323
Consultants	161,583	173,034
Travel	105,191	67,941
Employee benefits	103,838	89,412
Payroll taxes	68,902	48,611
Rent	65,747	66,278
Equipment expenses	40,178	33,290
Telephone	35,643	8,431
Legal and professional	14,290	19,112
Office supplies	12,028	11,757
Postage	8,063	7,677
Depreciation	6,236	4,516
Workers compensation	6,218	6,652
Insurance	6,066	5,889
In-kind expenses	1,058	4,084
Training	-	1,423
	<u>\$ 1,650,031</u>	<u>1,274,149</u>