



Beyond Accounting

**NAMI California
A Nonprofit Organization**

Financial Statements

June 30, 2021

Table of Contents

Independent Auditors' Report.....	1
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Financial Statements

Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



Beyond Accounting

Independent Auditor's Report

To the Board of Directors
NAMI California
Sacramento, California

Opinion

We have audited the financial statements of the National Alliance on Mental Illness California (NAMI California) (a non-profit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NAMI California as of June 30, 2021, and the changes in its net assets and its functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of NAMI California and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NAMI California's ability to continue as a going concern for a period of at least one year after the date that the financial statements are issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment of a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NAMI California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NAMI California's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BFBA, LLP

Sacramento, California
January 28, 2022

NAMI California
Statements of Financial Position
June 30, 2021

Assets

Current assets	
Cash and cash equivalents	\$ 1,683,185
Investments	1,317,755
Accounts receivable	529,187
Prepaid expenses and other current assets	<u>52,563</u>
Total current assets	<u>3,582,690</u>
Property and equipment, net	<u>65,624</u>
Total assets	<u><u>\$ 3,648,314</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 541,875
Accrued expenses	71,993
Deferred revenue	<u>112,791</u>
Total current liabilities	<u>726,659</u>
Deferred rent liability	<u>38,608</u>
Total liabilities	<u>765,267</u>
Net assets	
Without donor restrictions	1,294,081
Without donor restrictions - Board designated	1,347,044
With donor restrictions	<u>241,922</u>
Total net assets	<u>2,883,047</u>
Total liabilities and net assets	<u><u>\$ 3,648,314</u></u>

NAMI California
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

Revenues and support	
Grants and contracts	\$ 2,722,012
Investment income	238,784
Contributions	199,487
Conference revenue	54,000
Membership	36,242
Interest income	2,532
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Subtotal	3,253,057
Net assets released from restrictions	5,798
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Total revenues and support	3,258,855
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Expenses	
Program services	
Family & peer services	1,066,260
Education	1,026,053
Legislative advocacy	135,323
Diverse community services	134,648
Criminal justice	5,799
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Total program services	2,368,083
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Supporting services	
Administrative expenses	242,443
Conference expenses	65,407
Membership	39,435
Fundraising	24,758
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Total supporting services	372,043
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Total expenses	2,740,126
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Increase in net assets without donor restrictions	518,729
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Net assets with donor restrictions	
Contributions	115,968
Net assets released from restrictions	(5,798)
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Increase in net assets with donor restrictions	110,170
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Increase in net assets	628,899
Net assets, beginning of year	2,254,148
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Net assets, end of year	\$ 2,883,047
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NAMI California
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services						Supporting Services				Total Supporting Services	Total
	Family & Peer Services	Diverse Community Services	Education	Legislative Advocacy	Criminal Justice	Total Program Services	Administrative	Membership	Fundraising	Conference		
Payments to affiliates	\$ 271,410	24,000	836,128	-	-	1,131,538	-	-	-	-	-	1,131,538
Payroll	472,811	54,572	157,808	28,909	-	714,100	114,686	31,255	-	48,757	194,698	908,798
Consultants	70,621	21,434	2,270	102,500	-	196,825	61,091	1,200	6,000	-	68,291	265,116
Employee benefits	54,866	8,234	13,255	1,559	-	77,914	30,898	4,125	-	4,840	39,863	117,777
Rent	-	-	-	-	-	-	95,577	-	-	-	95,577	95,577
Payroll taxes	38,399	4,384	14,756	2,092	-	59,631	8,461	2,469	-	3,690	14,620	74,251
Equipment expenses	2,723	3,129	2	-	-	5,854	17,758	14	9,814	6	27,592	33,446
Other expenses	1,213	294	271	-	-	1,778	22,433	-	3,248	5	25,686	27,464
Legal and professional	-	-	-	-	-	-	24,873	-	-	-	24,873	24,873
Depreciation	-	-	-	-	-	-	12,610	-	-	-	12,610	12,610
Postage	576	5	137	-	-	718	5,218	29	5,481	-	10,728	11,446
Workers compensation	4,767	939	1,345	263	-	7,314	823	296	-	510	1,629	8,943
Office supplies	443	-	81	-	-	524	6,849	38	215	-	7,102	7,626
Insurance	-	-	-	-	-	-	7,574	-	-	-	7,574	7,574
Telephone	1,191	198	-	-	-	1,389	4,345	9	-	-	4,354	5,743
Travel	202	-	-	-	-	202	(2,157)	-	-	7,599	5,442	5,644
Training	-	-	-	-	-	-	1,700	-	-	-	1,700	1,700
Overhead allocation	147,038	17,460	-	-	5,798	170,296	(170,296)	-	-	-	(170,296)	-
Total expenses	\$ 1,066,260	134,649	1,026,053	135,323	5,798	2,368,083	242,443	39,435	24,758	65,407	372,043	2,740,126

NAMI California
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities	
Increase in net assets	\$ 628,899
Reconciliation of net cash provided by operating activities	
Depreciation expense	12,610
Loss on disposal of property and equipment	2,620
Investment gain	(238,784)
Changes in	
Accounts receivable	(301,247)
Prepaid expenses and other current assets	(14,307)
Accounts payable	470,182
Accrued expenses	(27,362)
Deferred revenue	16,326
Deferred rent liability	37,364
Net cash provided by operating activities	<u>586,301</u>
Cash flows from investing activities	
Purchases of property and equipment	(57,689)
Proceeds from sales of investments	178,167
Purchases of investments	<u>(188,082)</u>
Net cash used in investing activities	<u>(67,604)</u>
Net increase in cash and cash equivalents	518,697
Cash and cash equivalents, beginning of year	<u>1,164,488</u>
Cash and cash equivalents, end of year	<u>\$ 1,683,185</u>

NAMI California
Notes to the Financial Statements
June 30, 2021

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, 2021

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, 2021

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, 2021

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions include amounts received from the Criminal Justice and Family-to-Family programs which can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent. Restricted net assets are recorded in net assets with donor restrictions until released from restriction upon expenditure for the purpose specified by the donor. Net assets with donor restrictions that are expended in the same fiscal year as received are reported directly in net assets without donor restrictions. The amount included in net assets with donor restrictions as of June 30, 2021, is comprised of unspent amounts from the Criminal Justice and certain Family-to-Family programs.

Fair Market Value of Financial Instruments

NAMI California has financial instruments whereby the fair market value of the instruments could be different than that recognized on a historical basis on the accompanying statement of financial position. The carrying amounts of NAMI California's financial instruments generally approximate their fair market values at June 30, 2021.

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

FASB 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.

NAMI California
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Investments (Continued)

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) Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

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 and changes in net assets 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, 2021, investments, as defined by ASC Topic 820, were as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds and ETFs	\$ 1,317,755	1,317,755
Total investments	\$ <u>1,317,755</u>	<u>1,317,755</u>

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.

NAMI California
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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 restricted support, as appropriate. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair market 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.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair market value of the assets. During the year ended June 30, 2020, no impairment expense was recognized.

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 recognized as unrestricted or 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 net assets without donor restrictions. All other donor restricted support is reported as an increase net assets with donor restrictions. When a restriction expires (when a stipulated time restriction ends or the purpose for the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recognized 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.

NAMI California
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

NAMI California was organized as 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 year ended June 30, 2021, NAMI California had no net unrelated business taxable income.

NAMI California's income tax returns are subject to audit by federal and California tax jurisdictions. There are no audits currently in progress. The Organization is no longer subject to income tax audits for fiscal years before 2018 and 2017, 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.

Financial Restrictions and Availability

The Organization is substantially supported by grant and contract revenues, some of which are required to be spent on certain programs. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date, except use toward the required programs. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of June 30, 2021, the Organization has \$3,530,127 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$1,683,185; investments of \$1,317,755; and accounts receivable of \$529,187.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and payroll related costs, consultants and legal and professional fees, equipment expenses and depreciation, and travel expenses, which are allocated on the basis of actual costs.

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.

NAMI California
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

In preparing the accompanying financial statements, management has considered events that have occurred after June 30, 2021, through January 28, 2022, the date these financial statements were available for issuance. As of such date, management was not aware of any subsequent events requiring additional disclosure.

New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 amending the accounting for leases. The new standard requires the recognition of lease liabilities, and a corresponding right-of-use asset, for any non-cancelable leases with terms in excess of 12 months. Presentation of leases within the statements of activities and changes in net assets and cash flows will be generally consistent with the current lease accounting guidance. The ASU is effective, retrospectively, for reporting periods beginning after December 15, 2021. Management is assessing the impact this standard will have on the Organization's financial statements.

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, 2021, investments were comprised of the follows:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds and ETFs	\$ 1,071,723	1,317,755
Total investments	\$ <u>1,071,723</u>	<u>1,317,755</u>

NAMI California
Notes to the Financial Statements
June 30, 2021

Note 3: Prepaid Expense and Other Current Assets

Prepaid expenses and other current assets as of June 30, 2021, were as follows:

Deposits	\$ 7,946
Prepaid insurance	6,452
Other prepaid expenses and other current assets	<u>38,165</u>
Total prepaid expenses and other current assets	<u>\$ 52,563</u>

Note 4: Property and Equipment

Major classifications of property and equipment as of June 30, 2021, were as follows:

Furniture and fixtures	\$ 113,013
Less: Accumulated depreciation	<u>(47,389)</u>
Property and equipment, net	<u>\$ 65,624</u>

Depreciation expense for the year ended June 30, 2021, was \$12,610.

Note 5: Accrued Vacation Pay

The Organization has enacted a vacation policy based on years of service. The balance of accrued vacation payable at June 30, 2021, was \$65,470 and is included in accrued expenses on the accompanying statement of financial position.

Note 6: Board Designated Net Assets

At June 30, 2021, net assets without donor restriction – Board designated consisted of the following:

Contingencies	\$ 1,343,571
Program support and development	<u>3,473</u>
Total net assets without donor restrictions - Board designated	<u>\$ 1,347,044</u>

During the year ended June 30, 2021, the Organization neither received nor spent any proceeds toward these designated uses.

NAMI California
Notes to the Financial Statements
June 30, 2021

Note 7: Net Assets with Donor Restrictions

At June 30, 2021, net assets with donor restrictions consisted of the following:

Criminal Justice	\$ 231,922
Family-to-Family	<u>10,000</u>
Total net assets with donor restrictions	<u><u>\$ 241,922</u></u>

During the year ended June 30, 2021, the Organization received \$115,969 and spent \$5,798 toward these restricted uses.

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 year ended June 30, 2021, was \$15,600.

Note 9: Operating Leases

The Organization leases office space under operating leases expiring in February 2028. Future minimum payments under these leases as of June 30, 2021, are as follows:

<u>Year ending June 30,</u>	
2022	\$ 83,076
2023	85,243
2024	87,410
2025	89,578
2026	91,745
Thereafter	157,483

Rent expense under this lease during the year ended June 30, 2021, was \$92,703.

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.

NAMI California
Notes to the Financial Statements
June 30, 2021

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 recognized on the statement of financial position.

NAMI California receives a substantial portion of its revenue from the State of California. During the year ended June 30, 2021, grants revenue from the State of California totaled \$2,722,012, or 81% of total revenues and support. Additionally, State contracts may be reduced or eliminated due to State budgeting shortfalls.

As of June 30, 2021, receivables from the California Mental Health Service Authority and the California Department of Mental Health totaled \$426,451, or approximately 81% of the total balance of accounts receivable.

Note 12: Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis between its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural classification. Any expenses that are common to several functions are allocated among the program and support services benefited. For the year June 30, 2021, these expenses were approximately 86% for program services and 14% for support services.