



NAMI CALIFORNIA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2022 and 2021

NAMI CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
NAMI California**

Opinion

We have audited the accompanying financial statements of the National Alliance on Mental Illness California, also known as NAMI California, which comprise the statements of financial position as of June 30, 2022 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 2022 financial statements referred to above present fairly, in all material respects, the financial position of NAMI California as of June 30, 2022 and the changes in its net assets and its functional expenses its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's 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.

Other Matter

The financial statements of NAMI California for the year ended June 30, 2021, were audited by other auditors who expressed an unmodified opinion on those statements on January 28, 2022.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

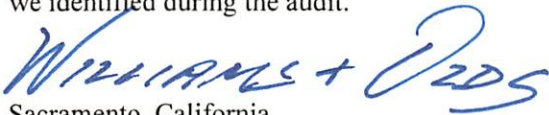
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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.



Sacramento, California
March 29, 2023

NAMI CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,223,332	\$ 1,683,185
Investments	1,184,261	1,317,755
Accounts receivable	1,552,531	529,187
Prepaid expenses and other current assets	58,927	52,563
Property and equipment, net	<u>63,261</u>	<u>65,624</u>
TOTAL ASSETS	<u><u>\$ 4,082,312</u></u>	<u><u>\$ 3,648,314</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 804,661	\$ 541,875
Accrued expenses	136,171	71,993
Deferred revenue	45,110	112,791
Deferred rent liability	<u>38,921</u>	<u>38,608</u>
TOTAL LIABILITIES	1,024,863	765,267
 NET ASSETS		
Without donor restrictions	1,152,722	1,294,081
Without donor restrictions - Board designated	<u>1,347,044</u>	<u>1,347,044</u>
Total without donor restrictions	2,499,766	2,641,125
With donor restrictions	<u>557,683</u>	<u>241,922</u>
TOTAL NET ASSETS	<u><u>3,057,449</u></u>	<u><u>2,883,047</u></u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,082,312</u></u>	<u><u>\$ 3,648,314</u></u>

The accompanying notes are an integral part of this statement.

NAMI CALIFORNIA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
REVENUES AND SUPPORT		
Grants and contracts	\$ 5,354,445	\$ 2,722,012
Investment return, net	(177,597)	229,794
Contributions	323,130	199,487
Conference revenue	50,500	54,000
Membership	36,876	36,242
Other	14,500	-
Subtotal	<u>5,601,854</u>	<u>3,241,535</u>
Net assets released from restrictions	-	5,798
TOTAL REVENUES AND SUPPORT	<u>5,601,854</u>	<u>3,247,333</u>
EXPENSES		
Program services	5,025,788	2,433,490
Supporting services:		
General and administrative expenses	440,002	230,921
Fundraising	277,423	64,193
Total supporting services	<u>717,425</u>	<u>295,114</u>
TOTAL EXPENSES	<u>5,743,213</u>	<u>2,728,604</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(141,359)	518,729
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	315,761	115,968
Net assets released from restrictions	-	(5,798)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>315,761</u>	<u>110,170</u>
CHANGE IN NET ASSETS	174,402	628,899
NET ASSETS, BEGINNING OF YEAR	<u>2,883,047</u>	<u>2,254,148</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,057,449</u></u>	<u><u>\$ 2,883,047</u></u>

The accompanying notes are an integral part of this statement.

NAMI CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Family & Peer Services	Diverse Community Services	Other		General & Administrative	Fundraising		
Payments to affiliates	\$3,168,387	\$ 208,745	\$ 5,000	\$3,382,132	\$ -	\$ -	\$ -	\$3,382,132
Wages, payroll taxes and benefits	838,634	93,943	220,877	1,153,454	348,692	173,278	521,970	1,675,424
Legal and professional	58,737	3,701	93,686	156,124	44,525	39,430	83,955	240,079
Consultants	44,091	1,394	138,631	184,116	3,034	20,006	23,040	207,156
Occupancy	33,030	10,678	27,621	71,329	14,061	16,124	30,185	101,514
Office	17,590	8,307	13,200	39,097	5,987	16,137	22,124	61,221
Travel	7,565	1,287	6,091	14,943	8,220	3,792	12,012	26,955
Depreciation	4,867	1,378	4,101	10,346	2,034	2,548	4,582	14,928
Insurance	4,606	167	625	5,398	2,688	227	2,915	8,313
Miscellaneous	2,315	293	6,241	8,849	10,761	5,881	16,642	25,491
Total expenses	\$4,179,822	\$ 329,893	\$ 516,073	\$5,025,788	\$ 440,002	\$ 277,423	\$ 717,425	\$5,743,213

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Family & Peer Services	Diverse Community Services	Other		General & Administrative	Fundraising		
Payments to affiliates	\$ 271,410	\$ 24,000	\$ 836,128	\$ 1,131,538	\$ -	\$ -	\$ -	\$1,131,538
Wages, payroll taxes and benefits	570,843	68,129	277,784	916,756	154,868	38,145	193,013	1,109,769
Legal and professional	-	-	-	-	24,873	-	24,873	24,873
Consultants	70,621	21,434	104,770	196,825	61,091	7,200	68,291	265,116
Occupancy	-	-	-	-	95,577	-	95,577	95,577
Office	6,146	3,626	502	10,274	45,081	18,848	63,929	74,203
Travel	202	-	7,599	7,801	(2,157)	-	(2,157)	5,644
Depreciation	-	-	-	-	12,610	-	12,610	12,610
Insurance	-	-	-	-	7,574	-	7,574	7,574
Miscellaneous	-	-	-	-	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	\$1,232,581	\$2,433,490	\$ 230,921	\$ 64,193	\$ 295,114	\$2,728,604

The accompanying notes are an integral part of this statement.

NAMI CALIFORNIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 174,402	\$ 628,899
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	14,928	12,610
Loss on disposal of property and equipment	500	2,620
Investment gain/(loss)	223,870	(238,784)
<i>Changes in assets and liabilities:</i>		
Accounts receivable	(1,023,344)	(301,247)
Prepaid expenses and other current assets	(6,364)	(14,307)
Accounts payable	262,786	470,182
Accrued expenses	64,178	(27,362)
Deferred revenue	(67,681)	16,326
Deferred rent liability	313	37,364
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(356,412)</u>	<u>586,301</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for property and equipment	(13,065)	(57,689)
Proceeds from sales of investments	371,494	178,167
Purchases of investments	<u>(461,870)</u>	<u>(188,082)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(103,441)</u>	<u>(67,604)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(459,853)	518,697
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,683,185</u>	<u>1,164,488</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,223,332</u></u>	<u><u>\$ 1,683,185</u></u>

The accompanying notes are an integral part of this statement.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 1: ORGANIZATION AND OPERATIONS

The National Alliance on Mental Illness California (NAMI California) 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. NAMI California 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 its location, 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. NAMI California, therefore, offers a range of programs and services that every affiliate may elect to provide at a local level.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of NAMI California have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require NAMI California to report information regarding its financial position and activities according to the following net asset classifications:

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 NAMI California. These net assets may be used at the discretion of NAMI California's management and the board of directors. In addition, this includes resources that were received with donor-imposed restrictions if those restrictions are met in the same year as the contributions were received.

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 NAMI California or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statements of financial position. The carrying amounts of NAMI California's financial instruments generally approximate their fair market values at June 30, 2022 and 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 asset 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 | 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. NAMI California 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 statements 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 statements 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.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2022, investments, as defined by ASC Topic 820, were as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds and ETFs	\$ 1,184,261	\$ 1,184,261
Total investments	\$ 1,184,261	\$ 1,184,261

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	\$ 1,317,755	\$ 1,317,755

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 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 assets exceeds the fair market value of the assets. During the years ended June 30, 2022 and 2021, no impairment expense was recognized.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

NAMI California 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 in net asset 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 statements 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. NAMI California has adopted FASB ASC Topic 606 on a modified retrospective basis on July 1, 2019. Upon adoption, management concluded that its contracts with customers (exchange transactions) consist of a single performance obligation. Additionally, NAMI California has made policy elections within the amended standards that are consistent with its previous accounting. The cumulative effect of applying the new guidance was not material to the financial statements as a whole and did not impact beginning net assets as of July 1, 2019.

Investment Income

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

Income Taxes Status

NAMI California is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to NAMI California's tax-exempt purpose is subject to taxation as unrelated business income. During the years ended June 30, 2022 and 2021, NAMI California had no unrelated business taxable income. NAMI California's income tax returns are subject to audit by federal and California tax jurisdictions however, there are no audits currently in progress.

Uncertainty in Income Taxes

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management report information regarding its exposure to various tax positions taken by NAMI California. NAMI California has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that NAMI California has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to NAMI California are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NAMI California 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. NAMI California 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, NAMI California has \$3,973,131 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 \$1,223,332; investments of \$1,197,268; and accounts receivable of \$1,552,531.

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.

Program and Support Function Cost Allocation

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 costs 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. NAMI California 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.

New Accounting Pronouncement

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 NAMI California's financial statements.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Reclassifications

Certain 2021 amounts have been reclassified to conform to 2022 presentation.

NOTE 3: INVESTMENTS

As of June 30, 2022, investments were comprised of the follows:

	<u>Fair Value</u>
Mutual funds and ETFs	\$ 1,184,261
Total investments	\$ <u>1,184,261</u>

As of June 30, 2021, investments were comprised of the follows:

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

NOTE 4: PROPERTY AND EQUIPMENT

Major classifications of property and equipment as of June 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 120,352	\$ 113,013
Less: Accumulated depreciation	<u>(57,091)</u>	<u>(47,389)</u>
Total property and equipment, net	\$ <u>63,261</u>	\$ <u>65,624</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was \$14,928 and \$12,610, respectively.

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 5: BOARD DESIGNATED NET ASSETS

At June 30, 2022 and 2021, net assets without donor restrictions – Board designated consisted of the following:

	<u>2022</u>	<u>2021</u>
Contingencies	\$ 1,343,571	\$ 1,343,571
Program support and development	<u>3,473</u>	<u>3,473</u>
Total net assets without donor restrictions - Board designated	\$ <u>1,347,044</u>	\$ <u>1,347,044</u>

NOTE 6: NET ASSET WITH DONOR RESTRICTION

At June 30, 2022 and 2021, net assets with donor restrictions consisted of the following:

	<u>2022</u>	<u>2021</u>
NAMI California Voluntary Tax Contribution Fund	\$ 547,683	\$ 231,922
Family-to-Family	<u>10,000</u>	<u>10,000</u>
Total	\$ <u>557,683</u>	\$ <u>241,922</u>

During the years ended June 30, 2022 and 2021, NAMI California received \$315,761 and \$115,968, respectively, restricted for the Crisis Intervention Team program that trains peace officers to assist and engage safely with persons living with mental illness.

NOTE 7: EMPLOYEE BENEFIT PLAN

NAMI California 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 NAMI California. The expense recognized for the years ended June 30, 2022 and 2021, was \$18,890 and \$15,600, respectively.

NOTE 8: OPERATING LEASES

NAMI California leases office space under operating leases expiring in February 2028. Future minimum payments under this lease as of June 30, 2022, are as follows:

For the years ending June 30:

2023	\$ 85,243
2024	87,410
2025	89,578
2026	91,745

NAMI CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022, AND 2021

NOTE 8: OPERATING LEASES (Continued)

Rent expense under these leases during the years ended June 30, 2022 and 2021, was \$110,047 and \$92,703, respectively.

NOTE 9: CONTINGENT MATTERS

Various government agencies have the authority to audit the books and records of NAMI California 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 10: RISKS AND UNCERTAINTIES

NAMI California receives a substantial portion of its revenue from the State of California. During the years ended June 30, 2022 and 2021, revenue from the State of California totaled \$5,670,206 and \$2,722,012, or 96% and 81% of total revenues and support, respectively. As of June 30, 2022 and 2021, receivables from the California Mental Health Service Authority and the California Department of Mental Health totaled \$426,451 and \$426,451, or approximately 81% of the total balance of accounts receivable, respectively.

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 statements of financial position.

NOTE 11: FUNCTIONAL ALLOCATION OF EXPENSES

NAMI California 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.

NOTE 12: SUBSEQUENT EVENTS

In preparing the financial statements, NAMI California has evaluated subsequent events and transactions that occurred after the balance sheet date through March 29, 2023, the date that the financial statements were available to be issued.