

NAMI CALIFORNIA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2024 and 2023

NAMI CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Audit Committee 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, 2024 and 2023, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the changes in its net assets and its functional expenses its 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 audits 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 audits. 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 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.

Beebout, Williams & Olds CPAs

Carmichael, California
February 5, 2025

NAMI CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 4,025,170	\$ 3,953,597
Investments	1,425,919	1,278,867
Accounts receivable	2,941,377	1,859,869
Prepaid expenses and other current assets	81,071	15,705
Operating lease right-of-use-assets	320,955	360,593
Property and equipment, net	<u>53,545</u>	<u>60,092</u>
TOTAL ASSETS	<u><u>\$ 8,848,037</u></u>	<u><u>\$ 7,528,723</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 1,705,240	\$ 615,220
Accrued expenses	192,275	186,668
Deferred revenue	75,641	952,883
Operating lease liability	<u>320,955</u>	<u>397,660</u>
TOTAL LIABILITIES	2,294,111	2,152,431
 NET ASSETS		
Without donor restrictions	1,674,999	1,766,424
Without donor restrictions - Board designated	<u>1,347,044</u>	<u>1,347,044</u>
Total without donor restrictions	3,022,043	3,113,468
With donor restrictions	<u>3,531,883</u>	<u>2,262,824</u>
TOTAL NET ASSETS	<u><u>6,553,926</u></u>	<u><u>5,376,292</u></u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,848,037</u></u>	<u><u>\$ 7,528,723</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, 2024 AND 2023

	June 30, 2024			June 30, 2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT						
Grants and contracts	\$ 8,285,246	\$ -	\$ 8,285,246	\$ 3,886,883	\$ -	\$ 3,886,883
Investment return, net	267,865	-	267,865	144,990	-	144,990
Contributions	173,163	2,719,598	2,892,761	569,218	2,255,442	2,824,660
Conference revenue	114,449	-	114,449	121,235	-	121,235
Membership	24,857	-	24,857	29,893	-	29,893
<i>Net assets released from restrictions</i>	1,450,539	(1,450,539)	-	550,301	(550,301)	-
TOTAL REVENUES AND SUPPORT	<u>10,316,119</u>	<u>1,269,059</u>	<u>11,585,178</u>	<u>5,302,520</u>	<u>1,705,141</u>	<u>7,007,661</u>
EXPENSES						
Program services	9,032,207	-	9,032,207	3,781,912	-	3,781,912
Supporting services:						
General and administrative expenses	485,146	-	485,146	598,108	-	598,108
Fundraising	890,191	-	890,191	308,798	-	308,798
Total supporting services	<u>1,375,337</u>	<u>-</u>	<u>1,375,337</u>	<u>906,906</u>	<u>-</u>	<u>906,906</u>
TOTAL EXPENSES	<u>10,407,544</u>	<u>-</u>	<u>10,407,544</u>	<u>4,688,818</u>	<u>-</u>	<u>4,688,818</u>
CHANGE IN NET ASSETS	(91,425)	1,269,059	1,177,634	613,702	1,705,141	2,318,843
NET ASSETS, BEGINNING OF YEAR	<u>3,113,468</u>	<u>2,262,824</u>	<u>5,376,292</u>	<u>2,499,766</u>	<u>557,683</u>	<u>3,057,449</u>
NET ASSETS, END OF YEAR	<u>\$ 3,022,043</u>	<u>\$ 3,531,883</u>	<u>\$ 6,553,926</u>	<u>\$ 3,113,468</u>	<u>\$ 2,262,824</u>	<u>\$ 5,376,292</u>

The accompanying notes are an integral part of this statement.

NAMI CALIFORNIA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services			
	Family & Peer Services	Diverse Community Services	Legislative, Education & Crime Justice	Total Program Services	General & Administrative	Development, Membership & Conferences	Total Supporting Services	Total
Salaries	\$ 647,422	\$ 112,456	\$ 244,029	\$ 1,003,908	\$ 292,168	\$ 419,858	\$ 712,025	\$ 1,715,933
Payroll taxes and employee benefits	121,863	22,073	53,113	197,049	77,232	89,423	166,655	363,704
Total salaries and related expenses	769,285	134,529	297,143	1,200,957	369,400	509,281	878,680	2,079,637
Payment to affiliates	7,035,672	9,333	197,679	7,242,684	-	-	-	7,242,684
Legal and professional	49,480	19,606	77,373	146,459	35,191	152,551	187,742	334,201
Occupancy	62,556	43,228	42,109	147,892	22,891	108,214	131,105	278,997
Consultants	60,372	4,561	137,414	202,348	9,993	37,273	47,266	249,613
Travel	13,941	2,413	9,372	25,726	16,337	55,857	72,193	97,920
Miscellaneous	27,944	1,852	7,380	37,176	21,382	10,805	32,187	69,362
Insurance	7,651	1,088	2,044	10,783	5,980	3,981	9,962	20,745
Office	5,369	1,613	630	7,612	2,006	8,075	10,081	17,693
Depreciation	7,845	628	2,097	10,570	1,967	4,155	6,122	16,691
Total expenses	\$ 8,040,115	\$ 218,851	\$ 773,241	\$ 9,032,207	\$ 485,146	\$ 890,191	\$ 1,375,337	\$ 10,407,544

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services			
	Family & Peer Services	Diverse Community Services	Legislative, Education & Crime Justice	Total Program Services	General & Administrative	Development, Membership & Conferences	Total Supporting Services	Total
Salaries	\$ 323,457	\$ 107,350	\$ 193,029	\$ 623,836	\$ 402,214	\$ 157,611	\$ 559,825	\$ 1,183,661
Payroll taxes and employee benefits	65,073	25,933	45,922	136,927	57,445	31,931	89,376	226,303
Total salaries and related expenses	388,530	133,283	238,950	760,763	459,659	189,542	649,201	1,409,964
Payment to affiliates	2,194,935	221,000	20,124	2,436,059	-	-	-	2,436,059
Legal and professional	31,147	5,819	102,308	139,274	55,374	51,240	106,614	245,888
Occupancy	51,858	22,945	111,149	185,952	34,755	31,030	65,785	251,737
Consultants	35,655	2,125	131,680	169,460	5,773	18,175	23,948	193,407
Travel	3,680	27,131	12,007	42,818	15,889	900	16,789	59,607
Miscellaneous	8,381	1,875	5,066	15,322	11,396	10,988	22,384	37,706
Insurance	6,726	2,159	3,804	12,689	8,255	2,441	10,696	23,385
Office	5,961	1,272	2,728	9,960	4,399	1,925	6,324	16,284
Depreciation	5,270	913	3,432	9,615	2,607	2,558	5,165	14,780
Total expenses	\$ 2,732,142	\$ 418,521	\$ 631,249	\$ 3,781,912	\$ 598,108	\$ 308,798	\$ 906,906	\$ 4,688,818

The accompanying notes are an integral part of this statement.

NAMI CALIFORNIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,177,634	\$ 2,318,843
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	16,691	14,780
Investment gain/(loss)	(120,221)	(71,916)
<i>Changes in assets and liabilities:</i>		
Accounts receivable	(1,081,508)	(307,338)
Prepaid expenses and other current assets	(65,366)	43,222
Operating lease right-of-use-assets	39,638	(360,593)
Accounts payable	1,090,020	(189,440)
Accrued expenses	5,607	50,496
Contract liabilities	(877,242)	868,852
Operating lease liability	(76,705)	397,660
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	108,548	2,764,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for property and equipment	(10,144)	(11,612)
Proceeds from sales of investments	400,313	1,318,477
Purchases of investments	(427,144)	(1,341,166)
NET CASH USED IN INVESTING ACTIVITIES	(36,975)	(34,301)
NET CHANGE IN CASH AND CASH EQUIVALENTS	71,573	2,730,265
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,953,597	1,223,332
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,025,170	\$ 3,953,597

The accompanying notes are an integral part of this statement.

NAMI CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Purchases and sales of securities are reflected on a trade-date basis. Unrealized and realized gains and losses are included in the accompanying Statement of Activities. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. Investment income and gains are reported as increases or decreases in net assets with or without donor restrictions depending on the nature of the restrictions.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A hierarchy has been established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy has three levels of inputs that may be used to measure fair value, whereby:

Level 1: uses quoted prices and active markets for identical assets or liabilities when determining fair market value;

Level 2: uses non active quoted prices for similar assets and liabilities that can be corroborated with market data; and

Level 3: uses unobservable information with little or no market data.

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.

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.

NAMI CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2024 and 2023, no impairment expense was recognized.

Revenue Recognition

Revenue is measured based on the amount of consideration specified in a contract with a customer. Revenue is recognized when earned and as our performance obligations under the terms of the contract are satisfied which generally occurs when the services are provided.

Grant income - 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 - 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.

Deferred revenue

Revenue pertaining to certain grants and special events is deferred and recognized in the period in which NAMI California renders services under the grant or when related expenses have been incurred. Deferred revenue consists of the following at December 31, 2024 and 2023:

	2024	2023
CalHome Grant	\$ -	\$ 918,823
Conference registrations	42,595	34,060
Rent	33,046	-
Total	\$ 75,641	\$ 952,883

NAMI CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2024 and 2023, 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.

Marketing

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

Functional Allocation of Costs

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. NAMI California allocates indirect expenses among programs, administrative, services and fundraising on a basis proportionate to head count, square footage or other method which best measures the relative degree of benefit. The expenses that are allocated include payroll and related taxes, employee benefits, supplies, professional fees, occupancy, insurance, and communications, which are allocated either by headcount or square footage based on the department the expenses are related to.

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.

NAMI CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

NAMI California determines if an arrangement is or contains a lease at inception and capitalizes all expenditures for leases in excess of \$46,000. Leases are included in right-of-use (ROU) assets and as lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. NAMI California does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

New accounting pronouncements: The adoption of new accounting guidance is not expected to have a material impact on NAMI California's financial statements.

NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no significant changes in the methodologies used during the years ended June 30, 2024 and 2023.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by NAMI California are open-end mutual funds that are registered with the Securities Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Institution are deemed to be actively traded.

Exchange-traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

As of June 30, 2024, investments were comprised of the follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 376,723	\$ -	\$ -	\$ 376,723
Exchange-traded funds	1,049,196	-	-	1,049,196
Total investments	<u>\$ 1,425,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,425,919</u>

As of June 30, 2023, investments were comprised of the follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 817,133	\$ -	\$ -	\$ 817,133
Exchange-traded funds	461,734	-	-	461,734
Total investments	<u>\$ 1,278,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278,867</u>

NAMI CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4: PROPERTY AND EQUIPMENT

Major classifications of property and equipment at June 30, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Furniture and fixtures	\$ 142,108	\$ 131,964
Less: Accumulated depreciation	<u>(88,563)</u>	<u>(71,872)</u>
Total property and equipment, net	\$ <u>53,545</u>	\$ <u>60,092</u>

Depreciation expense for the years ended June 30, 2024 and 2023, were \$16,691 and \$14,780, respectively.

NOTE 5: BOARD DESIGNATED NET ASSETS

At June 30, 2024 and 2023, net assets without donor restrictions – Board designated consisted of the following:

	<u>2024</u>	<u>2023</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, 2024 and 2023, net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
NAMI California Voluntary Tax Contribution Fund	\$ 1,083,950	\$ 925,432
Peer Personal Training and Placement fund	-	226,972
Family-to-Family	10,000	10,000
HCAI Youth	92,273	-
OCPSC	117,244	-
PWI Round 2	55,270	-
RAND Corporation	796	-
Hear us – Phase 2	393,267	-
Blue Shield of California	66,097	39,905
Kaiser Community Foundation	<u>1,712,986</u>	<u>1,060,515</u>
Total donor restricted	\$ <u>3,531,883</u>	\$ <u>2,262,824</u>

During the years ended June 30, 2024 and 2023, NAMI California received \$346,508 and \$424,635, respectively, restricted for the Crisis Intervention Team program that trains peace officers to assist and engage safely with persons living with mental illness.

NAMI CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 contributed by NAMI California. The expense recognized for the years ended June 30, 2024 and 2023, was \$0 and \$17,433, respectively.

NOTE 8: LEASE COMMITMENTS

NAMI California leases office space under operating leases expiring in February 2028. The weighted-average discount rate is based on the discount rate implicit in the lease. NAMI California has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Lease right-of-use assets and liabilities are recognized in the financial statements based on the present value of future minimum lease payments over the expected lease term on the lease commencement date. The expected lease terms include options to extend or terminate the lease when it is reasonably certain NAMI California will exercise such options. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease terms. Total right-of-use assets and lease liabilities are as follows at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Lease Asset:		
Operating right -of-use assets	\$ <u>320,955</u>	\$ <u>360,593</u>
Lease Liability:		
Operating lease liability	\$ <u>320,955</u>	\$ <u>397,660</u>

The following summarizes the weighted-average remaining lease term and weighted average discount rate:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term in years	3 years 8 months	4 years 8 months
Weighted-average discount rate	3.01%	3.01%

The future minimum lease payments under noncancelable operating lease are listed below at June 30, 2024:

2025	\$ 89,578
2026	91,745
2027	93,912
2028	63,571
2029	-
Thereafter	-
Total lease payments	<u>338,806</u>
Less: present value discount	<u>(17,851)</u>
Total lease obligations	<u>\$ 320,955</u>

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NOTE 8: LEASE COMMITMENTS – Continued

Lease payments for short-term leases are recognized on straight-line basis. Total rent expenses under the equipment leases during the years ended June 30, 2024, and 2023, amounted to \$21,030 and \$20,386, 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, 2024 and 2023, revenue from the State of California totaled \$11,004,844 and \$6,142,325, or 96% and 88% of total revenues and support, respectively. As of June 30, 2024 and 2023, receivables from the California Mental Health Service Authority, and California Highway Patrol totaled \$2,275,613 and \$674,425, or approximately 77% and 76% 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: AVAILABILITY AND LIQUIDITY

The following represents the NAMI California's financial assets at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,025,170	\$ 3,953,597
Accounts receivable	2,941,377	1,859,869
Investment	<u>1,425,919</u>	<u>1,278,867</u>
Total financial assets	8,392,466	7,092,333
Less amounts not available to be used within one year, due to:		
Contractual or donor-imposed restrictions:		
Board designated	1,347,044	1,347,044
Restricted by donor with purpose restrictions	<u>3,531,883</u>	<u>982,318</u>
Total contractual or donor-imposed restrictions	4,878,927	2,329,362
Financial assets available to meet general expenditures		
within one year	\$ <u>3,513,539</u>	\$ <u>4,762,971</u>

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NOTE 12: CONCENTRATIONS OF CREDIT RISK

NAMI California manages its deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by NAMI California to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, NAMI California has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from members, governmental agencies, and foundations supportive of NAMI California's mission. Investments are made by diversified investment managers whose performance is monitored by NAMI California. Although the fair values of investments are subject to fluctuation on a year-to-year basis, NAMI California believes that the investment policies and guidelines are prudent for its long-term welfare.

NOTE 13: SUBSEQUENT EVENTS

In preparing the financial statements, NAMI California has evaluated subsequent events and transactions that occurred after the balance sheet date through February 5, 2025, the date that the financial statements were available to be issued.