

NAMI TEXAS, INC.  
(A Nonprofit Corporation)  
INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
August 31, 2010 and 2009

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

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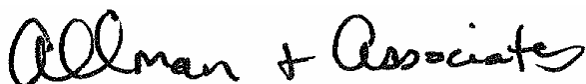
## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
NAMI Texas, Inc.  
Austin, Texas

We have audited the accompanying statements of financial position of NAMI Texas, Inc. (a nonprofit corporation), as of August 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI Texas, Inc. as of August 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



Austin, Texas  
January 5, 2011

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

As of August 31, 2010 and 2009

|                                       | <u>2010</u>       | <u>2009</u>       |
|---------------------------------------|-------------------|-------------------|
| <b>Assets</b>                         |                   |                   |
| Assets                                |                   |                   |
| Cash and cash equivalents             | \$ 651,241        | \$ 175,534        |
| Accounts receivable                   | 144,689           | 62,237            |
| Prepaid expenses                      | <u>6,108</u>      | <u>10,165</u>     |
| Total Assets                          | <u>\$ 802,038</u> | <u>\$ 247,936</u> |
| <b>Liabilities and Net Assets</b>     |                   |                   |
| Liabilities                           |                   |                   |
| Accounts payable and accrued expenses | \$ 25,761         | \$ 12,206         |
| Deferred revenue                      | <u>6,384</u>      | <u>29,319</u>     |
| Total Liabilities                     | <u>32,145</u>     | <u>41,525</u>     |
| Net Assets                            |                   |                   |
| Unrestricted                          | 195,623           | 137,437           |
| Temporarily restricted                | <u>574,270</u>    | <u>68,974</u>     |
| Total Net Assets                      | <u>769,893</u>    | <u>206,411</u>    |
| Total Liabilities and Net Assets      | <u>\$ 802,038</u> | <u>\$ 247,936</u> |

The accompanying auditors' report and notes are an integral part of these financial statements.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES

For the Year Ended August 31, 2010

|  | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
|--|-------------------|---------------------------|---------------------------|-------------------|
| <b>Revenues:</b>                       |                   |                           |                           |                   |
| Grants and contracts                   | \$ 566,333        | \$ 570,437                | \$ -                      | \$ 1,136,770      |
| Contributions                          | 69,628            | -                         | -                         | 69,628            |
| Training and program services          | 69,273            | -                         | -                         | 69,273            |
| Investment and interest income         | 544               | -                         | -                         | 544               |
| Membership dues                        | 26,660            | -                         | -                         | 26,660            |
| Other income                           | 1,695             | -                         | -                         | 1,695             |
| Satisfaction of temporary restrictions | 65,141            | (65,141)                  | -                         | -                 |
| <b>Total Revenues</b>                  | <b>799,274</b>    | <b>505,296</b>            | <b>-</b>                  | <b>1,304,570</b>  |
| <b>Expenses</b>                        |                   |                           |                           |                   |
| Program services                       | 654,138           | -                         | -                         | 654,138           |
| Management and general                 | 82,341            | -                         | -                         | 82,341            |
| Fundraising                            | 4,609             | -                         | -                         | 4,609             |
| <b>Total Expenses</b>                  | <b>741,088</b>    | <b>-</b>                  | <b>-</b>                  | <b>741,088</b>    |
| <b>Change in Net Assets</b>            | <b>58,186</b>     | <b>505,296</b>            | <b>-</b>                  | <b>563,482</b>    |
| <b>Beginning Net Assets</b>            | <b>137,437</b>    | <b>68,974</b>             | <b>-</b>                  | <b>206,411</b>    |
| <b>Ending Net Assets</b>               | <b>\$ 195,623</b> | <b>\$ 574,270</b>         | <b>\$ -</b>               | <b>\$ 769,893</b> |

The accompanying auditors' report and notes are an integral part of these financial statements.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES

For the Year Ended August 31, 2009

|  | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
|--|-------------------|---------------------------|---------------------------|-------------------|
| <b>Revenues:</b>                       |                   |                           |                           |                   |
| Grants and contracts                   | \$ 337,173        | \$ 142,637                | \$ -                      | \$ 479,810        |
| Contributions                          | 54,639            | -                         | -                         | 54,639            |
| Training and program services          | 43,966            | -                         | -                         | 43,966            |
| Investment and interest income         | (14,654)          | -                         | -                         | (14,654)          |
| Membership dues                        | 29,978            | -                         | -                         | 29,978            |
| Other income                           | 11,614            | -                         | -                         | 11,614            |
| Satisfaction of temporary restrictions | 117,074           | (117,074)                 | -                         | -                 |
| <b>Total Revenues</b>                  | <b>579,790</b>    | <b>25,563</b>             | <b>-</b>                  | <b>605,353</b>    |
| <b>Expenses</b>                        |                   |                           |                           |                   |
| Program services                       | 480,953           | -                         | -                         | 480,953           |
| Management and general                 | 211,445           | -                         | -                         | 211,445           |
| Fundraising                            | 24,049            | -                         | -                         | 24,049            |
| <b>Total Expenses</b>                  | <b>716,447</b>    | <b>-</b>                  | <b>-</b>                  | <b>716,447</b>    |
| <b>Change in Net Assets</b>            | <b>(136,657)</b>  | <b>25,563</b>             | <b>-</b>                  | <b>(111,094)</b>  |
| <b>Beginning Net Assets</b>            | <b>274,094</b>    | <b>43,411</b>             | <b>-</b>                  | <b>317,505</b>    |
| <b>Ending Net Assets</b>               | <b>\$ 137,437</b> | <b>\$ 68,974</b>          | <b>\$ -</b>               | <b>\$ 206,411</b> |

The accompanying auditors' report and notes are an integral part of these financial statements.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending August 31, 2010

| Expense Category         | Program Services    |                      |             | Totals     |
|--------------------------|---------------------|----------------------|-------------|------------|
|                          | Education & Support | Management & General | Fundraising |            |
| Accounting               | \$ 4,130            | \$ 1,916             | \$ 31       | \$ 6,077   |
| Legal                    | 827                 | 194                  | -           | 1,021      |
| Supplies                 | 6,081               | 1,292                | 6           | 7,379      |
| Telephone                | 8,617               | 3,400                | 28          | 12,045     |
| Postage and shipping     | 4,043               | 1,375                | 19          | 5,437      |
| Rent                     | 21,170              | 9,079                | 79          | 30,328     |
| Equipment rental         | 2,550               | 1,158                | 10          | 3,718      |
| Printing                 | 12,009              | 2,144                | 41          | 14,194     |
| Travel                   | 25,251              | 3,660                | 26          | 28,937     |
| Conference               | 37,016              | 6,775                | 1           | 43,792     |
| Grant expense            | 65,384              | -                    | -           | 65,384     |
| Employee leasing         | 365,594             | 18,089               | 1,520       | 385,203    |
| Insurance                | 1,964               | 715                  | 4           | 2,683      |
| Professional development | 42,077              | 745                  | 2           | 42,824     |
| Contract labor           | 23,093              | 1,614                | 30          | 24,737     |
| Fundraising              | -                   | -                    | 2,795       | 2,795      |
| Affiliate allocation     | 18,601              | 24,764               | -           | 43,365     |
| Bank charges             | 279                 | 141                  | 1           | 421        |
| Miscellaneous expense    | 1,394               | 481                  | 4           | 1,879      |
| Repairs and maintenance  | 24                  | 112                  | -           | 136        |
| Database                 | 14,034              | 4,687                | 12          | 18,733     |
| Totals                   | \$ 654,138          | \$ 82,341            | \$ 4,609    | \$ 741,088 |

The accompanying auditors' report and notes are an integral part of these financial statements.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending August 31, 2009

| Expense Category         | Program Services    |                      |             | Totals     |
|--------------------------|---------------------|----------------------|-------------|------------|
|                          | Education & Support | Management & General | Fundraising |            |
| Accounting               | \$ 5,793            | \$ 3,567             | \$ -        | \$ 9,360   |
| Legal                    | 1,882               | 1,163                | -           | 3,045      |
| Supplies                 | 7,922               | 4,880                | -           | 12,802     |
| Telephone                | 7,320               | 4,507                | -           | 11,827     |
| Postage and shipping     | 5,415               | 3,334                | -           | 8,749      |
| Rent                     | 16,573              | 10,205               | -           | 26,778     |
| Equipment rental         | 4,257               | 2,621                | -           | 6,878      |
| Printing                 | 8,693               | 5,353                | -           | 14,046     |
| Travel                   | 12,547              | 6,582                | -           | 19,129     |
| Conference               | 38,051              | 6,711                | -           | 44,762     |
| Grant expense            | 92,850              | -                    | -           | 92,850     |
| Employee leasing         | 221,851             | 136,610              | -           | 358,461    |
| Consulting               | 14,839              | 9,138                | -           | 23,977     |
| Insurance                | 3,351               | 2,064                | -           | 5,415      |
| Professional development | 5,524               | -                    | -           | 5,524      |
| Contract labor           | 22,578              | 13,902               | -           | 36,480     |
| Subscriptions            | 504                 | 312                  | -           | 816        |
| Dues and fees            | 138                 | 86                   | -           | 224        |
| Fundraising              | -                   | -                    | 24,049      | 24,049     |
| Affiliate allocation     | 8,284               | -                    | -           | 8,284      |
| Bank charges             | 660                 | 410                  | -           | 1,070      |
| Miscellaneous expense    | 1,921               | -                    | -           | 1,921      |
| Totals                   | \$ 480,953          | \$ 211,445           | \$ 24,049   | \$ 716,447 |

The accompanying auditors' report and notes are an integral part of these financial statements.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

For the Years Ending August 31, 2010 and 2009

|  | 2010              | 2009              |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                   |
| Increase (decrease) in net assets  | \$ 563,482        | \$ (111,094)      |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used by) operating activities: |                   |                   |
| Realized and unrealized (gains) losses on investments  | -                 | 16,590            |
| (Increase) decrease in operating assets:   |                   |                   |
| Accounts receivable  | (82,452)          | (62,237)          |
| Prepaid expenses   | 4,057             | 3,888             |
| Increase (decrease) in operating liabilities:  |                   |                   |
| Accounts payable and accrued liabilities   | 13,555            | (2,037)           |
| Deferred revenue   | (22,935)          | 8,852             |
|  | <u>475,707</u>    | <u>(146,038)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>  |                   |                   |
| Interest and dividends reinvested  | -                 | (1,936)           |
| Proceeds from sales of investments   | -                 | 152,366           |
|  | <u>-</u>          | <u>150,430</u>    |
| Net Cash Provided (Used) by Investing Activities   | <u>-</u>          | <u>150,430</u>    |
| <br>   |                   |                   |
| Net Increase (Decrease) in Cash  | 475,707           | 4,392             |
| Cash and cash equivalents beginning of year  | <u>175,534</u>    | <u>171,142</u>    |
| Cash, end of year  | <u>\$ 651,241</u> | <u>\$ 175,534</u> |

The accompanying auditors' report and notes are an integral part of these financial statements.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of NAMI Texas, Inc. (hereafter referred to as the Corporation) is presented to assist in understanding the Corporation's financial statements. The financial statements and notes are representations of the Corporation's management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The National Alliance on Mental Illness of Texas (NAMI Texas) is a 501(c)(3) nonprofit organization founded by volunteers in 1984. NAMI Texas is affiliated with the National Alliance on Mental Illness (NAMI) and has 45 local affiliates throughout Texas. NAMI Texas has nearly 10,000 members made up of mental health consumers, family members, friends, and professionals. NAMI Texas is governed by a Board of Directors. Its purpose is to help improve the lives of people affected by mental illness through education, support, and advocacy.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations which expire when the stipulated purpose for which the resource was restricted has been fulfilled.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. The Corporation had no permanently restricted net assets as of August 31, 2010 and 2009.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, NAMI Texas considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At August 31, 2010 and 2009 the Corporation's bank deposits exceeded the federally insured limits by \$298,370 and \$0 respectively.

Investments

NAMI Texas reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives which are generally five to eight years for furniture and equipment and 35 years for buildings. Acquisitions of furniture and equipment are capitalized at cost, if purchased, or fair market value on the date of the donation, if received as a gift. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expiration of restrictions when the assets are placed into service. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Accounts Receivable

NAMI Texas records accounts receivable on the accrual basis. NAMI Texas does not record an allowance for uncollectible accounts and instead uses the direct write-off method. NAMI Texas does not require collateral for its receivables and is subject to credit risk.

Contributions

NAMI Texas receives contributions which are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to unrestricted net assets. The Corporation's policy is to report restricted support that is satisfied in the year of receipt as restricted and then released the same year.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants and Contracts

The Corporation considers all of its governmental grants and contracts to be exchange transactions and not contributions. The Corporation recognizes revenue from these transactions as services are rendered or expenses incurred.

Deferred Revenue

Deferred revenue, if any, represents fees received for the annual conference in advance of the event and advances received on government cost-reimbursement grants and contracts that have not yet been earned by the Corporation.

Income Taxes

The Corporation is exempt from federal income tax under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3). Furthermore, the Internal Revenue Service has determined the Corporation is a public charity and not a private foundation. Therefore, no provision for income taxes has been included in these financial statements.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

Expenses are categorized by function in the statement of activities as either: (1) program services, (2) management and general, (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to that function.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist NAMI Texas with its annual conference and other program activities. However, no amounts have been reflected in the financial statements for donated services because the criteria for recognition of such volunteer services have not been met.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

*Codification of Accounting Standards*

In June 2009, the Financial Accounting Standards Board (“FASB”) issued the Accounting Standards Codification (“ASC”), which establishes the ASC as the single source of authoritative accounting principles recognized by FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the Securities and Exchange Commission under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the codification. The Corporation updated its historical GAAP references to comply with the codification for its year ended August 31, 2009. The adoption of this guidance did not have a material effect on the Corporation’s financial position, statement of activities, or cash flows, since the codification is not intended to change GAAP.

*Accounting for Uncertainty in Income Taxes*

FASB clarified the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in *Income Taxes – Overall* of the ASC. The new provisions for accounting for the uncertainty in income taxes prescribe a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. They also provide guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

The adoption of the new provisions for accounting for the uncertainty in income taxes did not have a material impact on the Corporations’ financial position or results of operations.

*Fair Value Measurements and Disclosures*

*Fair Value Measurements and Disclosures* of the ASC defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. *Fair Value Measurements and Disclosures* applies to all other ASC topics that require or permit fair value measurements and does not require any new fair value measurements. The provisions of *Fair Value Measurements and Disclosures* for financial assets and liabilities were effective beginning January 1, 2008. The provisions of *Fair Value Measurements and Disclosures* for nonfinancial assets and nonfinancial liabilities were effective and adopted as of January 1, 2009.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Subsequent Events*

In May 2009, FASB issued an accounting standard to establish general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. Specifically, this guidance provides (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This guidance is effective for interim or annual financial periods ending after June 15, 2009, and is to be applied prospectively. The Corporation adopted this guidance for its year ended August 31, 2009. The adoption of this guidance did not have a material effect on the Corporation's financial position, statements of activities, or cash flows.

NOTE 2 – FURNITURE AND EQUIPMENT

Furniture and equipment comprised the following as of August 31:

|                                | <u>2010</u>     | <u>2009</u>     |
|--------------------------------|-----------------|-----------------|
| Furniture and equipment        | \$ 62,700       | \$ 62,700       |
| Less: accumulated depreciation | <u>(62,700)</u> | <u>(62,700)</u> |
|                                | <u>\$ -</u>     | <u>\$ -</u>     |

At the end of the 2010 and 2009 fiscal years, all equipment was fully depreciated.

NAMI TEXAS, INC.  
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NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes as of August 31:

|  | <u>2010</u>       | <u>2009</u>      |
|--|-------------------|------------------|
| NAMI National - NAMI Connections Educational Program | \$ 4,421          | \$ 6,164         |
| Pfizer Inc. - Aging grant                            | 5,000             | 5,000            |
| Astra-Zeneca - Capitol day                           | 3,191             | 6,643            |
| Meadows grant  | 26,667            | 45,167           |
| Dell - Education program                             | 4,655             | 5,000            |
| Astra-Zeneca - Education program                     | 220               | 1,000            |
| The Hogg Foundation - Via Hope                       | 504,212           | -                |
| Texas Bar Foundation - Education                     | 15,000            | -                |
| Astra-Zeneca - Texas faith based outreach            | 5,000             | -                |
| NAMI National - NAMI Connections Educational Program | 2,500             | -                |
| NAMI National - In Our Own Voice Educational Program | 3,404             | -                |
| Totals   | <u>\$ 574,270</u> | <u>\$ 68,974</u> |

NOTE 4 – GRANTOR AUDITS

NAMI Texas receives government grants and contracts that are subject to review and audit by grantor agencies. Such audits could result in request of reimbursement by the grantor agencies for expenditures disallowed under terms and conditions of the appropriate grant or contract. In the opinion of the Corporation's management, such disallowances, if any, will not be significant.

NOTE 5 – PERSONNEL SERVICES

Personnel services are provided to NAMI Texas, Inc. through a system that utilizes leased employees. NAMI Texas, Inc. contracts with Advantec, an employee leasing company, to perform certain personnel functions including hiring staff selected by NAMI Texas, Inc. to provide personnel services to NAMI Texas, Inc. and providing contracted benefits to those employees.

NAMI TEXAS, INC.  
(A Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 6 - RETIREMENT PLAN

Through the contract with Advantec (refer to Note 5), a 401 (k) retirement plan is available to staff of NAMI Texas, Inc. Under the terms of the contract, the employer matching portion is included in the amount paid to Advantec, and is not separately stated in these financial statements. The employer matching portion for 2009 was 50% of the employee elective contribution. The maximum employee contribution allowed is 6% of the employee's salary and the maximum employer contribution is 3%. The Corporation did not match any employee contributions for the year ended August 31, 2010.

NOTE 7 – CONCENTRATIONS

NAMI Texas receives the majority of its revenues from grants and contracts, at approximately 79% and 75%, respectively, for the years ended August 31, 2010 and 2009. NAMI Texas is dependent upon these funds along with contributions in order to perform its program activities.

NOTE 8 – LEASES

The Corporation leases its office facilities under an operating lease agreement. Future minimum lease payments as of August 31, 2010 are as follows:

| Year Ending<br>August 31: | Amount           |
|---------------------------|------------------|
| 2011                      | \$ 29,292        |
| 2012                      | 14,646           |
|                           | <u>\$ 43,938</u> |

Facility rent expense totaled \$30,328 and \$26,778, respectively, for the years ended August 31, 2010 and 2009.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. We have evaluated subsequent events through the issuance date of the audit report, January 5, 2011, and there were no subsequent events to be disclosed.