

NAMI Texas, Inc.  
(A Nonprofit Corporation)  
INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
August 31, 2009 and 2008

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(A Nonprofit Corporation)

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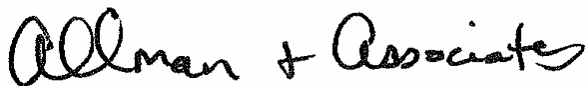
## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of NAMI Texas, Inc. (a nonprofit corporation), as of August 31, 2009, and the related statements of activities, functional expenses and cash flows for the year 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 audit. The financial statements of NAMI Texas, Inc. as of August 31, 2008 were audited by other auditors who expressed an unqualified opinion on those financial statements in their report dated February 16, 2009.

We conducted our audit 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 audit provides 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 August 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.



Austin, Texas  
January 22, 2010

NAMI Texas, Inc.  
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

As of August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 175,534	\$ 171,142
Investments	-	167,020
Accounts receivable	62,237	-
Prepaid expenses	<u>10,165</u>	<u>14,053</u>
Total Assets	<u>\$ 247,936</u>	<u>\$ 352,215</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 12,206	\$ 14,243
Deferred revenue	<u>29,319</u>	<u>20,467</u>
Total Liabilities	<u>41,525</u>	<u>34,710</u>
Net Assets		
Unrestricted	137,437	274,094
Temporarily restricted	<u>68,974</u>	<u>43,411</u>
Total Net Assets	<u>206,411</u>	<u>317,505</u>
Total Liabilities and Net Assets	<u>\$ 247,936</u>	<u>\$ 352,215</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 Years Ending August 31, 2009 and 2008

	2009	2008
Unrestricted Net Assets:		
<b>SUPPORT AND REVENUE</b>		
Grants and contracts	\$ 337,173	\$ 446,259
Contributions	54,639	61,307
Training and program services	43,966	54,441
Investment and interest income	(14,654)	2,405
Membership dues	29,978	29,436
Other income	11,614	27,653
Subtotal	462,716	621,501
Net assets released from restrictions	117,074	40,841
Total unrestricted support and revenues	579,790	662,342
<b>EXPENSES</b>		
Program services	480,953	335,764
Management and general	211,445	154,750
Fundraising	24,049	10,080
Total expenses	716,447	500,594
Change in unrestricted net assets	(136,657)	161,748
Temporarily restricted net assets:		
Grant revenues	142,637	72,081
Net assets released from restrictions	(117,074)	(40,841)
Change in temporarily restricted net assets	25,563	31,240
Total changes in net assets	(111,094)	192,988
Net Assets, beginning of the year	317,505	124,517
Net Assets, end of the year	\$ 206,411	\$ 317,505

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	Management & General	Fundraising	Totals
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	<u>\$ 480,953</u>	<u>\$ 211,445</u>	<u>\$ 24,049</u>	<u>\$ 716,447</u>

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NAMI Texas, Inc.  
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STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending August 31, 2008

Expense Category	Program Services	Management & General	Fundraising	Totals
Accounting	\$ 21,314	\$ 13,125	\$ -	\$ 34,439
Legal	309	191	-	500
Supplies	3,304	2,035	-	5,339
Telephone	6,787	4,179	-	10,966
Postage and shipping	2,145	1,321	-	3,466
Rent	14,755	9,086	-	23,841
Equipment rental	3,972	2,446	-	6,418
Printing	7,790	4,797	-	12,587
Travel	12,117	6,357	-	18,474
Conference	37,216	6,564	-	43,780
Grant expense	38,252	-	-	38,252
Employee leasing	117,952	72,632	-	190,584
Consulting	5,383	3,315	-	8,698
Insurance	1,940	1,195	-	3,135
Professional development	1,316	-	-	1,316
Contract labor	42,806	26,356	-	69,162
Subscriptions	411	253	-	664
Dues and fees	151	93	-	244
Fundraising	-	-	10,080	10,080
Affiliate allocation	15,802	-	-	15,802
Bank charges	1,305	805	-	2,110
Miscellaneous expense	737	-	-	737
Totals	<u>\$ 335,764</u>	<u>\$ 154,750</u>	<u>\$ 10,080</u>	<u>\$ 500,594</u>

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, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (111,094)	\$ 192,988
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Realized and unrealized (gains) losses on investments	16,590	8,517
(Increase) decrease in operating assets:		
Accounts receivable	(62,237)	-
Prepaid expenses	3,888	(8,413)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(2,037)	(8,042)
Deferred revenue	8,852	(86,600)
	(146,038)	98,450
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and dividends reinvested	(1,936)	(6,730)
Proceeds from sales of investments	152,366	-
	150,430	(6,730)
Net Increase (Decrease) in Cash	4,392	91,720
Cash and cash equivalents beginning of year	171,142	79,422
Cash, end of year	\$ 175,534	\$ 171,142

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, 2009 and 2008

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

NAMI Texas, Inc. (NAMI Texas) was incorporated in 1984 as a Texas nonprofit corporation. The mission of the Corporation is to improve the quality of life of those persons who are mentally ill and to encourage research, education and rehabilitation that enable them to contribute to society. The Corporation is unique in that it is the self-help movement composed of individuals with severe mental illness as well as their family members, and that it focuses on those disabled by serious and persistent mental illness as opposed to those with painful, but not disabling, problems of living.

NAMI Texas, Inc. is governed by a Board of Directors.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, NAMI Texas is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. NAMI Texas does not have any permanently restricted net assets, as defined by SFAS No. 117.

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, 2009 and 2008 the Corporation's bank deposits exceeded the federally insured limits by \$0 and \$71,884, respectively.

NAMI Texas, Inc.  
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NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NAMI Texas, Inc.  
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NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Reclassifications

Certain revenue and expense items have been grouped in the financial statements differently from prior year in order to make the financial statements more comparative.

NAMI Texas, Inc.  
(A Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009 and 2008

NOTE 2 - INVESTMENTS

Investments are stated at fair value and consist of the following at August 31:

	2009	2008
Mutual Funds	-	165,177
Equities	-	1,843
	-	167,020
Investments at end of year	\$ -	\$ 167,020

These investments are not insured by the Federal Deposit Insurance Company or any other department or agency of the U.S. government. They are also subject to normal market and economic risks.

Investment income from cash and equivalents and investments consists of the following:

	2009	2008
Interest and dividends	\$ 1,936	\$ 6,730
Realized/unrealized gains (losses)	(16,590)	(4,325)
	\$ (14,654)	\$ 2,405
	\$ (14,654)	\$ 2,405

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment comprised the following as of August 31:

	2009	2008
Furniture and equipment	\$ 62,700	\$ 62,700
Less: accumulated depreciation	(62,700)	(62,700)
	\$ -	\$ -
	\$ -	\$ -

At the end of the 2009 and 2008 fiscal years, all equipment was fully depreciated.

NAMI Texas, Inc.  
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NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009 and 2008

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

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

	2009	2008
Swalm Foundation - Judicial Training	\$ -	\$ 10,000
Solvay - NAMI Connections Educational Program	-	500
NAMI National - NAMI Connections Educational Program	6,164	9,000
Bristol-Meyer Squibb - Family Education	-	7,500
Shire Pharmaceuticals - Great Minds Think Alike Program	-	1,209
Bristol-Meyer Squibb - Great Minds Think Alike Program	-	5,000
Astra-Zeneca - Newsletter	-	1,624
Eli Lilly - Educational Materials	-	8,578
Pfizer Inc. - Aging grant	5,000	-
Astra-Zeneca - Capitol day	6,643	-
Meadows grant	45,167	-
Dell - Education program	5,000	-
Astra-Zeneca - Education program	1,000	-
Totals	<u>\$ 68,974</u>	<u>\$ 43,411</u>

NOTE 5 – 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 6 – 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, 2009 and 2008

NOTE 7 - RETIREMENT PLAN

Through the contract with Advantec (refer to Note 6), 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 is 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%.

NOTE 8 – CONCENTRATIONS

NAMI Texas receives the majority of its revenues from grants and contracts, at approximately 75% and 63%, respectively, for the years ended August 31, 2009 and 2008. NAMI Texas is dependent upon these funds along with contributions in order to perform its program activities.

NOTE 9 – LEASES

The Corporation leases property under an operating lease with One Management Inc. Future minimum lease payments as of August 31, 2009 are as follows:

<u>Year Ending</u> <u>August 31:</u>	<u>Amount</u>
2010	\$ 29,292
2011	29,292
2012	<u>14,646</u>
	<u><u>\$ 73,230</u></u>

Facility rent expense totaled \$26,778 and \$23,841, respectively, for the years ended August 31, 2009 and 2008.