

NAMI NEW ORLEANS, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/29/10

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

NAMI NEW ORLEANS, INC.

Year Ended June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Executive Director and Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of NAMI New Orleans, Inc. (a Louisiana non-profit corporation) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of NAMI New Orleans, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2009 financial statements and, in our report dated November 12, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 NAMI New Orleans, Inc. as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2010 on our consideration of NAMI New Orleans, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and

Executive Director and Board of Directors
NAMI New Orleans, Inc.

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for additional analysis purposes, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paciera, Gautreau & Priest LLC

October 26, 2010

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

NAMI NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(With Summarized Financial Information
at June 30, 2009)

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 305,430	\$ 230,721
Investments	255,252	251,633
Due from Federal and State agencies	212,612	226,147
Prepaid expenses	14,424	37,235
Due from Friends Alliance Housing, Inc.	2,671	2,671
Due from Friends Alliance Housing II, Inc.	<u>4,816</u>	<u>4,816</u>
<i>Total Current Assets</i>	<u>795,205</u>	<u>753,223</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	119,205	109,800
Building and improvements	954,493	940,782
Office furniture and equipment	75,946	75,946
Transportation equipment	82,833	108,215
Household equipment	18,284	18,284
Educational, recreational and cultural equipment	<u>648</u>	<u>648</u>
<i>Total Property and Equipment</i>	1,251,409	1,253,675
Less: Accumulated depreciation	<u>457,317</u>	<u>440,500</u>
<i>Net Property and Equipment</i>	<u>794,092</u>	<u>813,175</u>
<u>OTHER ASSETS</u>		
Cash - Client funds	4,807	4,218
Assets held in Charitable Remainder Trust	256,556	258,323
Deposits	<u>3,773</u>	<u>3,773</u>
<i>Total Other Assets</i>	<u>265,136</u>	<u>266,314</u>
<i>Total Assets</i>	<u>\$1,854,433</u>	<u>\$1,832,712</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 2010
(With Summarized Financial Information
at June 30, 2009)

	<u>2010</u>	<u>2009</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 9,961	\$ 13,746
Accrued expenses	163	50,000
Current maturities of long-term debt	<u>26,586</u>	<u>23,114</u>
<i>Total Current Liabilities</i>	<u>36,710</u>	<u>86,860</u>
<u>LONG-TERM DEBT</u>		
Non-current maturities	<u>174,718</u>	<u>203,143</u>
<u>OTHER LIABILITIES</u>		
Liability under unitrust agreement	80,476	84,808
Funds held on behalf of clients	<u>4,807</u>	<u>4,218</u>
<i>Total Other Liabilities</i>	<u>85,283</u>	<u>89,026</u>
<i>Total Liabilities</i>	<u>296,711</u>	<u>379,029</u>
<u>NET ASSETS</u>		
Unrestricted	1,381,642	1,288,445
Temporarily restricted	<u>176,080</u>	<u>165,238</u>
<i>Total Net Assets</i>	<u>1,557,722</u>	<u>1,453,683</u>
<i>Total Liabilities and Net Assets</i>	<u>\$1,854,433</u>	<u>\$1,832,712</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010
(With Summarized Financial Information
for the Year Ended June 30, 2009)

	<u>Unrestricted</u>
<u>SUPPORT, REVENUE, AND GAINS</u>	
Support:	
Membership dues	\$ 5,000
Donations	5,690
Miscellaneous	<u>14,836</u>
Total Support	<u>25,526</u>
Revenue and Gains:	
Fees for services	1,892,134
Management fees	12,703
Gain on disposal of assets	2,800
Realized/unrealized gain (loss) on investment	3,619
Change in split-interest agreement	0
Rental income	<u>47,244</u>
Total Revenue and Gains	<u>1,958,500</u>
Total Support, Revenue, and Gains	<u>1,984,026</u>
<u>EXPENSES</u>	
Program Services:	
Transitional services	146,203
Case management	94,929
Crisis transportation	81,634
Housing	167,213
Employment	64,953
Drop-in Centers	109,167
Newport Place	22,598
Assertive Community Outreach	232,462
Friendship Club	133,476
Rehabilitation	396,091
Independent Living Apartment Program (ILAP)	7,820
Supervised Adult Independent Living (SAIL)	<u>297,595</u>
Total Program Services	<u>1,754,141</u>
Supporting Services:	
Trust and administrative	130,274
Fund raising	<u>6,414</u>
Total Supporting Services	<u>136,688</u>
Total Expenses	<u>1,890,829</u>
<u>INCREASE IN NET ASSETS</u>	93,197
Net Assets - Beginning of Year	<u>1,288,445</u>
Net Assets - End of Year	<u>\$1,331,642</u>

See accompanying notes to financial statements.

<u>2010</u>		<u>2009</u>
<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
\$ 0	\$ 5,000	\$ 1,092
8,278	13,968	3,118
<u>0</u>	<u>14,836</u>	<u>22,120</u>
<u>8,278</u>	<u>33,804</u>	<u>26,330</u>
0	1,892,134	1,985,876
0	12,703	0
0	2,800	0
0	3,619	(2,088)
2,564	2,564	9,323
<u>0</u>	<u>47,244</u>	<u>95,241</u>
<u>2,564</u>	<u>1,961,064</u>	<u>2,088,352</u>
<u>10,842</u>	<u>1,994,868</u>	<u>2,114,682</u>
0	146,203	150,733
0	94,929	91,561
0	81,634	93,167
0	167,213	343,046
0	64,953	66,230
0	109,167	128,715
0	22,598	26,076
0	232,462	247,024
0	133,476	199,123
0	396,091	288,725
0	7,820	0
<u>0</u>	<u>297,595</u>	<u>368,480</u>
<u>0</u>	<u>1,754,141</u>	<u>2,002,880</u>
0	130,274	78,159
<u>0</u>	<u>6,414</u>	<u>0</u>
<u>0</u>	<u>136,688</u>	<u>78,159</u>
<u>0</u>	<u>1,890,829</u>	<u>2,081,039</u>
10,842	104,039	33,643
<u>165,238</u>	<u>1,453,683</u>	<u>1,420,040</u>
<u>\$176,080</u>	<u>\$1,557,722</u>	<u>\$1,453,683</u>

NAMI NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010
(With Summarized Financial Information
for the Year Ended June 30, 2009)

	Program Services								
	Transi- tional Services	Case Manage- ment	Crisis Transport- ation	Housing	Employ- ment	Drop-in Centers	Newport Place	Assertive Community Outreach	Uptown Friend- Ship Club
Advertising	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bank charges	152	144	144	144	152	296	119	144	152
Client assistance	470	0	0	94,000	0	0	0	86	0
Depreciation	0	0	0	705	3,148	3,144	4,739	0	10,932
Dues and subscriptions	0	0	0	0	0	0	0	0	0
Employee benefits	15,380	8,972	5,127	7,690	5,162	3,845	0	20,507	8,972
Field travel	5,291	7,812	0	2,065	1,698	0	0	10,958	1,179
Insurance	5,484	2,350	3,186	7,051	4,074	12,535	2,350	10,639	6,659
Interest	309	0	0	0	877	1,134	9,271	0	1,444
Maintenance and repairs	0	0	0	0	0	8,053	5,087	0	5,984
Management fees - Allocated	34	92	34	0	0	26	0	(31)	(78)
Miscellaneous	0	0	26	631	0	81	0	0	157
Occupancy	0	1,800	10,188	0	0	3,000	0	19,962	0
Office supplies	469	503	613	0	745	509	0	938	1,995
Other supplies	0	0	252	0	0	7,549	0	0	5,287
Payroll taxes	11,404	6,975	6,170	5,598	4,250	6,185	0	15,873	7,829
Postage	72	0	0	0	142	288	0	174	242
Printing	8	0	0	0	27	10	0	3	47
Professional fees	3,571	832	578	578	1,179	2,003	0	4,996	3,070
Salaries	101,620	62,131	54,656	48,388	37,218	58,144	0	140,567	70,865
Taxes and licenses	0	0	0	0	0	0	0	0	0
Telephone	1,381	2,778	660	363	2,445	53	0	6,343	4,053
Training	0	0	0	0	0	0	0	0	0
Utilities	568	540	0	0	3,835	2,312	1,032	1,303	4,687
Total	<u>\$146,203</u>	<u>\$94,929</u>	<u>\$81,634</u>	<u>\$167,213</u>	<u>\$64,953</u>	<u>\$109,167</u>	<u>\$22,598</u>	<u>\$232,462</u>	<u>\$133,476</u>

See accompanying notes to financial statements.

Rehabilitation	Supporting Services			Trust and Administrative		Total Supporting Services	Total 2010	Total 2009
	ILAP	SAIL	Total Program Services	Fund Raising	Fund Raising			
\$ 0	\$ 0	\$ 0	\$ 0	\$ 444	\$ 0	\$ 444	\$ 444	\$ 2,878
152	0	144	1,743	177	0	177	1,920	1,738
0	7,820	200	102,576	0	0	0	102,576	167,702
13,953	0	0	36,621	5,574	0	5,574	42,195	41,164
20	0	0	20	500	0	500	520	1,601
21,788	0	23,070	120,513	7,690	0	7,690	128,203	0
3,706	0	24,818	57,517	99	1,824	1,923	59,440	59,911
18,803	0	4,700	77,831	1,164	0	1,164	78,995	211,354
1,392	0	0	14,427	0	0	0	14,427	16,554
18,104	0	2,685	39,913	7,721	0	7,721	47,634	42,146
0	0	(76)	1	1	0	1	2	0
458	0	53	1,406	3,304	0	3,304	4,710	3,487
0	0	(18,200)	16,750	(17,500)	750	(16,750)	0	65,801
5,215	0	2,334	13,322	4,517	1,514	6,031	19,353	24,602
5,197	0	0	18,285	365	256	621	18,906	28,118
25,307	0	24,106	113,697	9,260	0	9,260	122,957	95,354
931	0	0	1,849	778	0	778	2,627	2,135
192	0	72	359	918	0	918	1,277	1,155
4,592	0	2,375	23,774	9,339	2,070	11,409	35,183	40,980
266,972	0	219,966	1,060,527	93,456	0	93,456	1,153,983	1,207,711
0	0	0	0	0	0	0	0	60
4,733	0	7,906	30,715	1,473	0	1,473	32,188	34,857
0	0	0	0	0	0	0	0	4,319
4,576	0	3,442	22,295	994	0	994	23,289	27,412
<u>\$396,091</u>	<u>\$7,820</u>	<u>\$297,595</u>	<u>\$1,754,141</u>	<u>\$130,274</u>	<u>\$6,414</u>	<u>\$136,688</u>	<u>\$1,890,829</u>	<u>\$2,081,039</u>

NAMI NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(With Summarized Financial Information
for the Year Ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$104,039	\$ 33,643
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	42,195	41,164
Net (gain) loss on investments	(3,619)	2,122
Net decrease in receivables and prepaid expenses	36,346	157,767
Net (decrease) in accounts payable	(3,785)	(52,913)
Net (decrease) in accrued liabilities	(49,837)	(1,650)
Change in split-interest agreement	(2,565)	(9,322)
Net (increase) decrease in cash - Client funds	(589)	700
Net increase (decrease) in funds held on behalf of clients	589	(700)
Gain on disposal of assets	<u>(2,800)</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>119,974</u>	<u>170,811</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(23,112)	(35,628)
Decrease in amounts due from affiliate	0	424
(Increase) in deposits	0	(578)
Proceeds from sale of assets	<u>2,800</u>	<u>0</u>
Net Cash (Used for) Investing Activities	<u>(20,312)</u>	<u>(35,782)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of notes payable	<u>(24,953)</u>	<u>(25,043)</u>
Net Cash (Used for) Financing Activities	<u>(24,953)</u>	<u>(25,043)</u>
Net Increase in Cash and Cash Equivalents	74,709	109,986
Cash and Cash Equivalents -		
Beginning of Year	<u>230,721</u>	<u>120,735</u>
End of Year	<u>\$305,430</u>	<u>\$230,721</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
(Continued)
YEAR ENDED JUNE 30, 2010
(With Summarized Financial Information
for the Year Ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Cash paid during the year for -		
Interest	<u>\$14,427</u>	<u>\$16,554</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

A. Description of Organization

Nature of Activities

NAMI New Orleans, Inc. ("NAMI") is a non-profit organization which operates in the New Orleans Metropolitan Area. It has several contracts with the Louisiana Office of Mental Health and also receives other funding from fees, dues, donations and fund-raising. NAMI is dedicated to creating an environment to help individuals who have been socially and vocationally disabled by mental illness to achieve or regain the confidence and skills to live vocationally productive and socially satisfying lives.

B. Summary of Significant Accounting Policies

Basis of Accounting

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

Financial Statement Presentation

Under U.S. generally accepted accounting principles, NAMI 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the *Statement of Cash Flows*, NAMI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2010

Summary of Significant Accounting Policies (Cont'd)

Fair Value Measurements (Cont'd)

or liability, either directly or indirectly (Level 2); and unobservable inputs form the asset or liability (Level 3).

Property and Equipment

NAMI capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost; donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that resources be maintained permanently.

NAMI has no permanently restricted assets, liabilities or activities.

Medicaid

NAMI receives Medicaid funding under a fixed price arrangement. These amounts are specifically excluded from OMB Circular A-133 audit requirements. Medicaid funds totaling \$447,109 were received in 2010 and are included in 'Fees for Services' in the accompanying *Statement of Activities*.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the *Statement of Activities* and in the *Statement of Functional Expenses*. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2010

Summary of Significant Accounting Policies (Cont'd)

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NAMI's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Investments

Under U.S. generally accepted accounting principles, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the *Statement of Financial Position*. Unrealized gains and losses are included in the changes in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Income Taxes

NAMI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NAMI's tax-exempt purpose is subject to taxation as unrelated business income. NAMI had no unrelated business income for the year ended June 30, 2010. In addition, NAMI has been classified by the Internal Revenue Service as an organization other than a private foundation under Section 509(a)(2).

Subsequent Events

Subsequent events have been evaluated through October 26, 2010, which is the date the financial statements were available to be issued.

C. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are stated at fair value, which is based on quoted market prices for those investments.

NAMI NEW ORLEANS, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
JUNE 30, 2010

Investments (Cont'd)

At June 30, 2010, investments held by NAMI consisted of the following:

Money Market Account	\$ 67,640
Certificate of Deposits	79,946
Mutual Funds	<u>107,666</u>
	<u>\$255,252</u>

Investment income for the year ended June 30, 2010, is classified as *Unrestricted* in the *Statement of Activities* and consists of:

Interest and unrealized gains on investments	<u>\$3,619</u>
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D. Due from Federal and State Agencies

Due from Federal and State agencies at June 30, 2010 is summarized as follows:

Department of Housing and Urban Development	\$ 26,180
Office of Human Services, Division of Mental Health	154,577
Medicaid	<u>31,855</u>
<i>Total</i>	<u>\$212,612</u>

Management considers all receivables for the year ended June 30, 2010 to be collectible; accordingly, no allowance for doubtful accounts was provided.

E. Property and Equipment

The related lives and accumulated depreciation for each category of assets is as follows:

<u>Asset</u>	<u>Life</u>	<u>Accumulated Depreciation</u>
Building and improvements	7 - 30 years	\$323,717
Office furniture and equipment	5 - 10 years	46,628
Transportation equipment	5 years	67,648
Household equipment	5 - 7 years	18,284
Educational, recreational, and cultural equipment	7 years	648
Land improvements	20 years	<u>392</u>
		<u>\$457,317</u>

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2010

F. Split-Interest Agreement

NAMI administers a charitable remainder trust (the "Trust"). A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for NAMI's use. The portion of the trust attributable to the present value of the future benefits to be received by NAMI is recorded in the *Statement of Activities* as a temporarily restricted contribution. Assets held in the charitable remainder trust totaled \$256,556 at June 30, 2010, and are reported at fair market value in NAMI's *Statement of Financial Position*. On an annual basis, NAMI revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$80,476 at June 30, 2010) is calculated using a discount rate of 5% and applicable mortality tables.

G. Long-term Debt

NAMI's obligations under mortgages and notes payable consist of the following.

On June 19, 1998, NAMI entered into an agreement with the Trust to finance the Newport Place property. The financing was in the amount of \$160,000, with interest at 7% per annum. The note is payable in 360 monthly installments of \$1,064. The outstanding balance on this loan at June 30, 2010 was \$130,532.

On June 1, 2008, NAMI entered into an agreement with the Trust to refinance a portion of their debt. The financing was in the amount of \$114,000, with interest at 6.25% per annum. The note is payable in 60 monthly installments of \$2,217. The outstanding balance on this loan at June 30, 2010 was \$70,772.

Following is the schedule of future maturities of long-term debt.

Year ended June 30,	
2011	\$ 26,586
2012	28,325
2013	27,962
2014	4,630
2015	4,965
Thereafter	<u>108,836</u>
	<u>\$201,304</u>

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2010

H. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Restricted for life of donor:	
Charitable remainder trust	<u>\$176,080</u>

I. Concentration of Credit Risk/Major Customers

Contracts with the State of Louisiana, Orleans and Jefferson Parishes, all of which are renewable annually, totaled \$1,284,355, or approximately 68% of service fee income.

Funds received from Medicaid totaled \$447,109, or approximately 24% of service fee income.

Funds received from the Department of Housing and Urban Development (HUD) totaled \$157,080, or approximately 8% of service fee income.

At June 30, 2009, unsecured receivables from these agencies totaled \$212,612. Financial instruments that potentially subject NAMI to credit risk include these accounts receivable, which are shown as "Due from Federal and State Agencies".

J. Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

NAMI maintains its cash balances in one financial institution located in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2010, NAMI's uninsured cash balances totaled \$120,194. NAMI has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

K. Retirement Plan

NAMI offers a 401(k) plan to its employees. Employees electing to participate in the plan may elect to defer up to a maximum of 15% of compensation. The plan allows NAMI to make a discretionary match.

NAMI contributed \$-0- to the retirement plan for the year ended June 30, 2010.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2010

L. Related Party Transactions

NAMI is paid a management fee to oversee the operations of Friends Alliance Housing, Inc., a related entity. The entity owes NAMI for unpaid management fees of \$2,671 at June 30, 2010. There was \$5,088 of management fees for the year ended June 30, 2010.

NAMI loaned \$13,908 for start-up costs to Friends Alliance Housing II, Inc. ("FAHI, II"), a related entity. This loan is non-interest-bearing and has no repayment terms. The balance on this loan at June 30, 2010 was \$4,816. In addition, FAHI, II incurred \$7,615 in management fees.

NAMI has entered into financing agreements with the Trust. See Note G for descriptions of these transactions.

M. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2010 are as follows:

	<u>Fair Value Measurements at Reporting Date Using:</u>			
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Investments:				
Money market	\$ 67,640	\$ 67,640	\$ 0	\$ 0
Certificates of deposit	79,946	79,946	0	0
Mutual funds	<u>107,666</u>	<u>107,666</u>	<u>0</u>	<u>0</u>
	<u>255,252</u>	<u>255,252</u>	<u>0</u>	<u>0</u>
Assets held in Charitable remainder trust				
Cash	55,252	55,252	0	0
Note receivable	130,532	0	0	130,532
Loan receivable	<u>70,772</u>	<u>0</u>	<u>0</u>	<u>70,772</u>
	<u>256,556</u>	<u>55,252</u>	<u>0</u>	<u>201,304</u>
Total	<u>\$511,808</u>	<u>\$310,504</u>	<u>\$ 0</u>	<u>\$201,304</u>
Liabilities:				
Liability under unitrust agreement	\$ 80,476	\$ 0	\$ 0	\$ 80,476
Total	<u>\$ 80,476</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,476</u>

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2010

Fair Value Measurements (Cont'd)

Fair value measurements at June 30, 2010 using significant unobservable inputs (Level 3):

Assets held in charitable remainder trust:

Beginning balance	\$226,257
Principle payments received	<u>(24,953)</u>
Ending balance	<u>\$201,304</u>

Liability under unitrust agreement:

Beginning balance	\$ 84,807
Change in liability under unitrust agreement	<u>(4,331)</u>
Ending balance	<u>\$ 80,476</u>

Reconciliation of change in split interest agreement reported on the *Statement of Activities*:

Change in fair value of assets held in charitable remainder trust	\$(1,767)
Change in liability under unitrust agreement	<u>4,331</u>
	<u>\$ 2,564</u>

N. Functional Expenses

NAMI allocates management fees and occupancy expenses as per the requirements of the various contracts for expense purposes.

O. Leasing Arrangements

NAMI leases residential space to tenants under noncancelable operating leases requiring fixed payments.

The following is a schedule of future minimum rentals under leases at June 30, 2010, not including renewal option increases or reimbursed expense.

June 30, 2011	<u>\$2,205</u>
---------------	----------------

P. Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

SUPPLEMENTARY INFORMATION

NAMI NEW ORLEANS, INC.
 SCHEDULE OF ACTIVITIES - BY PROGRAM
 YEAR ENDED JUNE 30, 2010

	<u>Trans- itional Services</u>	<u>Case Manage- ment</u>	<u>Crisis Transport- ation</u>	<u>Housing</u>	<u>Employ- ment</u>	<u>Drop-in Center</u>
<u>SUPPORT, REVENUE, AND GAINS</u>						
Support:						
Membership dues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	800	21	0
Revenue and Gains:						
Fees for services	163,948	103,753	91,119	157,080	55,281	138,427
Management fees	0	0	0	12,703	0	0
Realized/unrealized gains on investment	0	0	0	0	0	0
Change in split-interest agreement	0	0	0	0	0	0
Gain on disposal of assets	0	0	0	0	0	0
Rental income	0	0	0	22,452	0	0
<i>Total Support, Revenue, and Gains</i>	<u>163,948</u>	<u>103,753</u>	<u>91,119</u>	<u>193,035</u>	<u>55,302</u>	<u>138,427</u>
<u>EXPENSES</u>						
Advertising	0	0	0	0	0	0
Bank charges	152	144	144	144	152	296
Client assistance	470	0	0	94,000	0	0
Depreciation	0	0	0	705	3,148	3,144
Dues and subscriptions	0	0	0	0	0	0
Employee benefits	15,380	8,972	5,127	7,690	5,162	3,845
Field travel	5,281	7,812	0	2,065	1,698	0
Insurance	5,484	2,350	3,186	7,051	4,074	12,535
Interest	309	0	0	0	877	1,134
Maintenance and repairs	0	0	0	0	0	8,053
Management fees - Allocated	34	92	34	0	0	26
Miscellaneous	0	0	26	631	0	81
Occupancy	0	1,800	10,188	0	0	3,000
Office supplies	469	503	613	0	746	509
Other supplies	0	0	252	0	0	7,549
Payroll taxes	11,404	6,975	6,170	5,598	4,250	6,185
Postage	72	0	0	0	142	288
Printing	8	0	0	0	27	10
Professional fees	3,571	832	578	578	1,179	2,003
Salaries	101,620	62,131	54,656	48,388	37,218	58,144
Telephone	1,381	2,778	660	363	2,445	53
Utilities	568	540	0	0	3,835	2,312
<i>Total Expenses</i>	<u>146,203</u>	<u>94,929</u>	<u>81,634</u>	<u>167,213</u>	<u>64,953</u>	<u>109,167</u>
<i>INCREASE (DECREASE) IN NET ASSETS</i>	<u>\$ 17,745</u>	<u>\$ 8,824</u>	<u>\$ 9,485</u>	<u>\$ 25,822</u>	<u>\$ (9,651)</u>	<u>\$ 29,260</u>

<u>Newport Place</u>	<u>Assertive Community Outreach</u>	<u>Uptown Friendship Club</u>	<u>Rehabilitation</u>	<u>ILAP</u>	<u>SAIL</u>	<u>Trust and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 0	\$ 5,000
0	0	0	0	0	0	13,968	0	13,968
0	0	20	2,000	0	1	1,424	10,570	14,836
0	271,510	133,807	447,109	7,225	322,875	0	0	1,892,134
0	0	0	0	0	0	0	0	12,703
0	0	0	0	0	0	3,619	0	3,619
0	0	0	0	0	0	2,564	0	2,564
0	0	0	0	0	0	2,800	0	2,800
<u>23,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,582</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,244</u>
<u>23,210</u>	<u>271,510</u>	<u>133,827</u>	<u>449,109</u>	<u>8,807</u>	<u>322,876</u>	<u>29,375</u>	<u>10,570</u>	<u>1,994,868</u>
0	0	0	0	0	0	444	0	444
119	144	152	152	0	144	177	0	1,920
0	86	0	0	7,820	200	0	0	102,576
4,739	0	10,932	13,953	0	0	5,574	0	42,195
0	0	0	20	0	0	500	0	520
0	20,507	8,972	21,788	0	23,070	7,690	0	128,203
0	10,958	1,179	3,706	0	24,818	99	1,824	59,440
2,350	10,639	6,659	18,803	0	4,700	1,164	0	78,995
9,271	0	1,444	1,392	0	0	0	0	14,427
5,087	0	5,984	18,104	0	2,685	7,721	0	47,634
0	(31)	(78)	0	0	(76)	1	0	2
0	0	157	458	0	53	3,304	0	4,710
0	19,962	0	0	0	(18,200)	(17,500)	750	0
0	938	1,995	5,215	0	2,334	4,517	1,514	19,353
0	0	5,287	5,197	0	0	365	256	18,906
0	15,873	7,829	25,307	0	24,106	9,260	0	122,957
0	174	242	931	0	0	778	0	2,627
0	3	47	192	0	72	918	0	1,277
0	4,996	3,070	4,592	0	2,375	9,339	2,070	35,183
0	140,567	70,865	266,972	0	219,966	93,456	0	1,153,983
0	6,343	4,053	4,733	0	7,906	1,473	0	32,188
<u>1,032</u>	<u>1,303</u>	<u>4,687</u>	<u>4,576</u>	<u>0</u>	<u>3,442</u>	<u>994</u>	<u>0</u>	<u>23,289</u>
<u>22,598</u>	<u>232,462</u>	<u>133,476</u>	<u>396,091</u>	<u>7,820</u>	<u>297,595</u>	<u>130,274</u>	<u>6,414</u>	<u>1,890,829</u>
<u>\$ 612</u>	<u>\$ 39,048</u>	<u>\$ 351</u>	<u>\$ 53,018</u>	<u>\$ 987</u>	<u>\$ 25,281</u>	<u>\$(100,899)</u>	<u>\$ 4,156</u>	<u>\$ 104,039</u>

NAMI NEW ORLEANS, INC.
 SCHEDULE OF ACTIVITIES - BY PROGRAM
 YEAR ENDED JUNE 30, 2009

	<u>Trans- itional Services</u>	<u>Case Manage- ment</u>	<u>Crisis Transport- ation</u>	<u>Housing</u>	<u>Employ- ment</u>
<u>SUPPORT, REVENUE, AND GAINS</u>					
Support:					
Membership dues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	3,456
Revenue and Gains:					
Fees for services	163,180	99,081	103,083	676,872	72,211
Unrealized/realized gain/loss on investment	0	0	0	0	0
Change in split-interest agreement	0	0	0	0	0
Rental income	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,669</u>	<u>0</u>
Total Support, Revenue, and Gains	<u>163,180</u>	<u>99,081</u>	<u>103,083</u>	<u>709,541</u>	<u>75,667</u>
<u>EXPENSES</u>					
Advertising	539	601	13	761	45
Bank charges	47	28	19	217	66
Client assistance	825	250	0	163,489	0
Depreciation	2,058	1,235	824	9,468	2,881
Dues and subscriptions	0	7	0	180	19
Field travel	5,573	6,226	1,717	27,322	2,686
Insurance	13,827	7,954	9,104	52,558	6,870
Interest	0	0	0	0	0
Maintenance and repairs	0	624	0	6,536	565
Management fees - Allocated	8,508	9,007	4,757	47,013	0
Miscellaneous	103	28	111	1,040	275
Occupancy	1,200	1,200	8,490	14,120	0
Office supplies	1,286	139	4,635	5,691	218
Other supplies	440	55	231	2,044	324
Payroll taxes	7,631	4,100	4,165	24,450	3,403
Postage	0	8	0	410	60
Printing	127	14	9	161	40
Professional fees	2,142	866	1,022	8,433	1,964
Salaries	102,965	56,356	56,969	329,662	43,954
Taxes and licenses	0	0	0	0	0
Telephone	1,852	1,576	553	10,714	533
Training	239	465	0	952	408
Utilities	<u>1,371</u>	<u>822</u>	<u>548</u>	<u>6,305</u>	<u>1,919</u>
Total Expenses	<u>150,733</u>	<u>91,561</u>	<u>93,167</u>	<u>711,526</u>	<u>66,230</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 12,447</u>	<u>\$ 7,520</u>	<u>\$ 9,916</u>	<u>\$ (1,985)</u>	<u>\$ 9,437</u>

Drop-in Centers	Newport Place	Assertive Community Outreach	Medicaid and General			Trust and Adminis- trative	Total
			Uptown/ East Bank Friendship Club	Rehabil- itation	West Bank Friendship Club		
\$ 0	\$ 0	\$ 0	\$ 220	\$ 0	\$ 0	\$ 872	\$ 1,092
0	0	0	0	0	0	3,118	3,118
0	0	0	0	0	310	18,354	22,120
118,084	0	253,394	119,410	369,253	11,308	0	1,985,876
0	0	0	0	0	0	(2,088)	(2,088)
0	0	0	0	0	0	9,323	9,323
0	29,105	0	0	0	0	33,467	95,241
<u>118,084</u>	<u>29,105</u>	<u>253,394</u>	<u>119,630</u>	<u>369,253</u>	<u>11,618</u>	<u>63,046</u>	<u>2,114,682</u>
89	0	38	83	89	537	83	2,878
133	(25)	48	81	132	0	992	1,738
0	2,747	391	0	0	0	0	167,702
5,763	0	2,470	5,351	5,763	0	5,351	41,164
133	38	90	610	489	0	35	1,601
24	180	11,734	3,366	491	69	523	59,911
13,896	4,906	27,380	18,285	31,043	3,038	22,493	211,354
0	14,409	0	0	0	0	2,145	16,554
4,758	3,666	3,000	10,559	5,189	3,885	3,364	42,146
8,146	0	11,969	6,311	0	1,028	(96,739)	0
0	0	0	595	114	0	1,221	3,487
10,800	0	21,991	7,200	0	800	0	65,801
1,342	0	2,468	2,784	4,382	(46)	1,703	24,602
11,622	10	510	8,840	3,244	543	255	28,118
4,725	12	10,446	6,157	13,185	1,726	15,354	95,354
404	0	365	458	187	106	137	2,135
113	0	113	119	227	0	232	1,155
4,661	0	1,983	6,004	8,561	207	5,137	40,980
55,954	133	141,332	84,126	206,621	18,406	111,233	1,207,711
0	0	0	35	25	0	0	60
1,787	0	8,964	2,822	4,605	374	1,077	34,857
527	0	87	1,031	540	70	0	4,319
3,838	0	1,645	3,563	3,838	0	3,563	27,412
<u>128,715</u>	<u>26,076</u>	<u>247,024</u>	<u>168,380</u>	<u>288,725</u>	<u>30,743</u>	<u>78,159</u>	<u>2,081,039</u>
<u>\$(10,631)</u>	<u>\$ 3,029</u>	<u>\$ 6,370</u>	<u>\$(48,750)</u>	<u>\$ 80,528</u>	<u>\$(19,125)</u>	<u>\$(15,113)</u>	<u>\$ 33,643</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Executive Director and Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of NAMI New Orleans, Inc. (a nonprofit organization) ("NAMI") as of and for the year ended June 30, 2010, and have issued our report thereon dated October 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NAMI's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAMI's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NAMI's internal control over financial reporting.

A *deficiency in internal control* exists when the design of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. the finding reference number is 2010-1. A *significant deficiency* is a deficiency, of a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAMI's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of NAMI in a separate letter dated October 26, 2010.

NAMI's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned cost. We did not audit NAMI's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Paciera, Gautreau & Priest LLC

October 26, 2010

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

NAMI NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Finding No. 2010-01

Statement of Condition: Management does not review bank reconciliations prepared by accounting staff and does not review the bank statements.

Recommendation: We recommend that management open the bank statements and review them for any unusual checks or other transactions before giving them to accounting to perform the reconciliation. Management's review of the bank statements will insure that unusual items are investigated on a timely basis. In addition, we recommend all bank reconciliations be approved by management and that all reconciliations be initialed as indication of approval.

Management Response: NAMI will review all bank reconciliations and initial that the responsible party has approved the reconciliation and will also review the statements for unusual items prior to giving them to accounting.