

# **NAMI Tennessee**

Financial Statements  
For the Years Ended June 30, 2023 and 2022

**NAMI Tennessee**  
Financial Statements  
For the Years Ended June 30, 2023 and 2022

**Contents**

|   |    |
|---|----|
| <b>Roster of Officials (Unaudited)</b>  | 1  |
| <b>Independent Auditor's Report</b>   | 2  |
| <b>Financial Statements</b>   |    |
| Statements of Financial Position  | 5  |
| Statements of Activities  | 6  |
| Statements of Functional Expenses   | 7  |
| Statements of Cash Flows  | 9  |
| Notes to Financial Statements   | 10 |
| <b>Supplementary Information</b>  |    |
| Schedule of Expenditures of Federal Awards and State Financial Assistance   | 17 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance With <i>Government Auditing Standards</i> | 18 |
| Schedule of Findings and Responses  | 20 |
| Summary Schedule of Prior Year Findings   | 21 |
| Management's Corrective Action Plan   | 22 |

**NAMI Tennessee**  
Roster of Officials (Unaudited)  
As of June 30, 2023

**Board of Directors**

|                         |                                |
|-------------------------|--------------------------------|
| Donna Maddox            | President                      |
| Sylvia Phillips         | Vice-president East            |
| Heather Rohan           | Vice-president Middle          |
| John Mehr               | Vice-president West            |
| Nancy Killen            | Parliamentarian                |
| Ann Taylor Knotts       | Treasurer                      |
| Ginger Naseri           | Secretary                      |
| Dr. Cynthia Rector      | Representative – West TN       |
| Kimberly Wells          | Representative – West TN       |
| Dr. John Tetzeli        | Representative – West TN       |
| Janna Jahn              | Representative – Middle TN     |
| Ron Morton              | Representative – Middle TN     |
| Donald L. Smith         | Representative – Middle TN     |
| Mark Kulhanek           | Representative – East TN       |
| Jim Briggs              | Representative – East TN       |
| Marta Hernandez         | Peer Leadership Representative |
| Dr. Altha Stewart       | At-Large Representative        |
| Kasthuri Gomathinayagam | At-Large Representative        |

**Executive Management**

|             |                    |
|-------------|--------------------|
| Jeff Fladen | Executive Director |
|-------------|--------------------|



## Independent Auditor's Report

Board of Directors  
NAMI Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of NAMI Tennessee (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government 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 GAAS and *Government 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 the Organization'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 the Organization'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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance, as required by the State of Tennessee, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the roster of officials but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2024, on our consideration of the Organization'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

*Blankenship CPA Group PLLC*

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
June 20, 2024

**NAMI Tennessee**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

**Assets**

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Cash and cash equivalents    | \$ 115,588        | \$ 22,190         |
| Grants and other receivables | 491,255           | 307,567           |
| Investments                  | 68,154            | 63,617            |
| Prepaid expenses             | 7,822             | 7,911             |
| Property and equipment, net  | 10,395            | 16,265            |
| Total assets                 | <b>\$ 693,214</b> | <b>\$ 417,550</b> |

**Liabilities and Net Assets**

Liabilities

|                                       |            |            |
|---------------------------------------|------------|------------|
| Accounts payable and accrued expenses | \$ 332,007 | \$ 134,676 |
| Deferred revenue                      | 28,686     | 9,227      |
| Affiliate funds                       | 33,472     | 29,073     |
| Line of credit                        | -          | 65,000     |
| Total liabilities                     | 394,165    | 237,976    |

Net assets

|                            |         |         |
|----------------------------|---------|---------|
| Without donor restrictions |         |         |
| Undesignated               | 230,895 | 115,957 |
| Board designated           | 68,154  | 63,617  |
| Total net assets           | 299,049 | 179,574 |

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Total liabilities and net assets | <b>\$ 693,214</b> | <b>\$ 417,550</b> |
|----------------------------------|-------------------|-------------------|

**NAMI Tennessee**  
**Statements of Activities**  
For the Years Ended June 30, 2023 and 2022

|  | <b>2023</b>       | <b>2022</b>       |
|--|-------------------|-------------------|
| <b>Net Assets Without Donor Restrictions</b>             |                   |                   |
| <b>Revenues and Support</b>                              |                   |                   |
| Contributions of cash and other financial assets         |                   |                   |
| Government grants  | \$ 1,266,380      | \$ 982,933        |
| Other grants and awards                                  | 94,421            | 64,300            |
| General contributions                                    | 330,805           | 82,446            |
| NAMI Walks   | 49,059            | 36,286            |
| Miscellaneous  | 24,143            | 11,032            |
| FSS training   | 15,000            | 7,250             |
| Investment return  | 4,537             | (10,070)          |
| Interest income  | 2,549             | 1,164             |
| Conference   | 39,127            | 21,601            |
| Member dues  | 2,411             | 3,767             |
| Vision of Hope   | 50,923            | 32,121            |
| Total revenues and support                               | <u>1,879,355</u>  | <u>1,232,830</u>  |
| <b>Expenses</b>  |                   |                   |
| Program services   | 1,416,566         | 1,058,570         |
| Management and general                                   | 251,301           | 144,584           |
| Fundraising  | 92,013            | 117,982           |
| Total expenses   | <u>1,759,880</u>  | <u>1,321,136</u>  |
| Change in net assets without donor restrictions          | 119,475           | (88,306)          |
| Net assets without donor restrictions, beginning of year | <u>179,574</u>    | <u>267,880</u>    |
| Net assets without donor restrictions, end of year       | <b>\$ 299,049</b> | <b>\$ 179,574</b> |



**NAMI Tennessee**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2023**

|                                     | <b>Program<br/>services</b> | <b>Management<br/>and general</b> | <b>Fundraising</b> | <b>Total</b>        |
|-------------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Administration expenses             | \$ 54,447                   | \$ 31,303                         | \$ 53              | \$ 85,803           |
| Conferences and meetings            | 179,292                     | -                                 | -                  | 179,292             |
| Depreciation and amortization       | -                           | 5,870                             | -                  | 5,870               |
| Employee benefits and payroll taxes | 170,791                     | 30,696                            | 12,664             | 214,151             |
| Insurance                           | 2,343                       | 9,170                             | 221                | 11,734              |
| Interest                            | -                           | 1,060                             | -                  | 1,060               |
| Postage and printing                | 17,683                      | 3,570                             | 3,661              | 24,914              |
| Professional fees                   | 276,274                     | 53,212                            | 6,334              | 335,820             |
| Rents                               | 49,414                      | 6,530                             | 2,706              | 58,650              |
| Salaries and wages                  | 600,971                     | 100,505                           | 57,842             | 759,318             |
| Telephone, IT fees, licenses        | 764                         | 6,903                             | 6,953              | 14,620              |
| Training and classes                | 12,261                      | -                                 | -                  | 12,261              |
| Travel                              | 52,326                      | 2,482                             | 1,579              | 56,387              |
|                                     | <b>\$ 1,416,566</b>         | <b>\$ 251,301</b>                 | <b>\$ 92,013</b>   | <b>\$ 1,759,880</b> |

**NAMI Tennessee**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2022**

|                                     | <b>Program<br/>services</b> | <b>Management<br/>and general</b> | <b>Fundraising</b> | <b>Total</b>        |
|-------------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Administration expenses             | \$ 30,670                   | \$ 11,613                         | \$ 5,702           | \$ 47,985           |
| Conferences and meetings            | 32,683                      | 3,390                             | 41,068             | 77,141              |
| Depreciation and amortization       | -                           | 5,902                             | -                  | 5,902               |
| Employee benefits and payroll taxes | 152,454                     | 21,623                            | 12,597             | 186,674             |
| Insurance                           | 9,398                       | 1,580                             | 890                | 11,868              |
| Postage and printing                | 19,579                      | 179                               | 300                | 20,058              |
| Professional fees                   | 202,100                     | 17,770                            | 2,791              | 222,661             |
| Rents                               | 25,559                      | 2,322                             | 2,414              | 30,295              |
| Salaries and wages                  | 527,076                     | 74,432                            | 50,848             | 652,356             |
| Telephone, IT fees, licenses        | 9,945                       | 3,503                             | 910                | 14,358              |
| Training and classes                | 12,805                      | -                                 | -                  | 12,805              |
| Travel                              | 36,301                      | 2,270                             | 462                | 39,033              |
|                                     | <b>\$ 1,058,570</b>         | <b>\$ 144,584</b>                 | <b>\$ 117,982</b>  | <b>\$ 1,321,136</b> |

**NAMI Tennessee**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2023 and 2022

|  |            |            |
|--|------------|------------|
| Cash and cash equivalents, beginning of year   | \$ 22,190  | \$ 107,447 |
| <b>Cash flows from operating activities</b>  |            |            |
| Change in net assets   | 119,475    | (88,306)   |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |            |            |
| Depreciation and amortization  | 5,870      | 5,902      |
| Net unrealized (gain) loss on investments  | (3,324)    | 12,141     |
| Change in:   |            |            |
| Grants and other receivables   | (183,688)  | (95,827)   |
| Prepaid expenses   | 89         | 193        |
| Accounts payable and accrued expenses  | 197,331    | 20,643     |
| Deferred revenue   | 19,459     | (659)      |
| Affiliate funds  | 4,399      | (2,273)    |
| Net cash provided (used) by operating activities   | 159,611    | (148,186)  |
| <b>Cash flows from investing activities</b>  |            |            |
| Purchases of investments   | (11,121)   | (19,167)   |
| Proceeds from sales of investments   | 9,908      | 17,096     |
| Net cash provided (used) by investing activities   | (1,213)    | (2,071)    |
| <b>Cash flows from financing activities</b>  |            |            |
| Net change in line of credit   | (65,000)   | 65,000     |
| Net change in cash and cash equivalents  | 93,398     | (85,257)   |
| Cash and cash equivalents, end of year   | \$ 115,588 | \$ 22,190  |

**NAMI Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

---

**Note 1. Organization and Nature of Operations**

NAMI Tennessee (the Organization) is a Tennessee nonprofit corporation. The Organization is a grassroots, self-help organization made up of people with mental illness, their families, and community members. The Organization is dedicated to improving quality of life for people with mental illness and their families through support, education, and advocacy.

The Organization is a chartered state organization of the National Alliance on Mental Illness, but is a distinct and separate organization from the National Alliance on Mental Illness.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) guidelines, the Organization reports information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

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 the Organization. These net assets may be used at the discretion of the Organization's management and its Board of Directors (Board). Net assets voluntarily designated by the Organization's Board for specific purposes are reported as net assets without donor restrictions. The Board designated net assets can only be used for purposes approved by the Board. Currently, these funds are being held as a Board-designated endowment.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had no net assets with donor restrictions at June 30, 2023 or 2022.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

**Contributions and Support**

In accordance with FASB ASC guidelines, contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a restriction is fulfilled, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as increases to net assets without donor restrictions.

**NAMI Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

---

**Note 2. Summary of significant accounting policies**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all cash funds, cash bank accounts, and highly-liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents.

**Grants and Other Receivables**

The Organization considers all grants and other receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided in the accompanying financial statements.

**Investments**

Investments in money market funds and marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statement of financial position. See further discussion of fair value measurements in note 5. Investment income and unrealized gains and losses are reported as changes in net assets without donor restrictions.

**Property and Equipment**

Property and equipment are recorded at cost. The Organization's policy is to capitalize purchases with a cost of \$1,000 or more and an estimated useful life of greater than one year. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Estimated useful lives of all major classes of assets range from 3 to 10 years.

**Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified by the IRC as other than a private foundation. Accordingly, no provision for income tax has been made.

**Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consist primarily of salaries and wages expense which are allocated based on time and effort.

**Compensated Absences**

The Organization's employees may accrue sick and vacation days based on their length of service. Upon separation, employees are paid for the unused vacation time accrued as of the separation date.

**Reclassifications**

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation.

**NAMI Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

---

**Note 3. Liquidity and Availability**

The following represents the Organization's financial assets:

|  | <b>2023</b>       | <b>2022</b>       |
|--|-------------------|-------------------|
| Financial assets   |                   |                   |
| Cash and cash equivalents  | \$ 115,588        | \$ 22,190         |
| Grants and other receivables   | 491,255           | 307,567           |
| Investments  | <u>68,154</u>     | <u>63,617</u>     |
| Total financial assets at year-end   | 674,997           | 393,374           |
| Less amounts not available to be used within one year                                  |                   |                   |
| Net assets held in board-designated endowment fund                                     | <u>(68,154)</u>   | <u>(63,617)</u>   |
| Financial assets available to meet cash needs for general expenditures within one year | <b>\$ 606,843</b> | <b>\$ 329,757</b> |

The Organization has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission.

**Note 4. Grants and Other Receivables**

The Organization had the following grants and other receivables:

|                                       | <b>2023</b>       | <b>2022</b>       |
|---------------------------------------|-------------------|-------------------|
| Tennessee Department of Mental Health | \$ 457,317        | \$ 276,643        |
| Other receivables                     | <u>33,938</u>     | <u>30,924</u>     |
|                                       | <b>\$ 491,255</b> | <b>\$ 307,567</b> |

**Note 5. Fair Value and Measurements and Investments**

The Organization has adopted the fair value measurement topic of FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**NAMI Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

---

**Note 5. Fair Value and Measurements and Investments**

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of the valuation methodology used for assets measured at fair value is as follows:

Money Market, Mutual Funds, and Exchange Traded Products are valued at the closing price reported on the active markets on which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NAMI Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

---

**Note 5. Fair Value and Measurements and Investments**

The following table sets forth by year, all of the following investments are Level 1 within the fair value hierarchy, the Organization's assets at fair value:

|                            | <b>2023</b>      | <b>2022</b>      |
|----------------------------|------------------|------------------|
| Money market funds         | \$ 10,423        | \$ 1,470         |
| Mutual funds               | 35,972           | 41,257           |
| Exchange traded products   | <u>21,759</u>    | <u>20,890</u>    |
| Total assets at fair value | <b>\$ 68,154</b> | <b>\$ 63,617</b> |

Investment return consisted of the following:

|  | <b>2023</b>     | <b>2022</b>        |
|--|-----------------|--------------------|
| Dividends and interest, net of expenses of \$640 and \$736, respectively | \$ 1,213        | \$ 2,071           |
| Realized and unrealized gains  | <u>3,324</u>    | <u>(12,141)</u>    |
|  | <b>\$ 4,537</b> | <b>\$ (10,070)</b> |

**Note 6. Property and Equipment**

Property and equipment consisted of the following:

|                                | <b>2023</b>      | <b>2022</b>      |
|--------------------------------|------------------|------------------|
| Furniture and equipment        | \$ 104,109       | \$ 104,109       |
| Less: accumulated depreciation | <u>(93,714)</u>  | <u>(87,844)</u>  |
|                                | <b>\$ 10,395</b> | <b>\$ 16,265</b> |

Depreciation expense totaled \$5,870 and \$5,902 for 2023 and 2022, respectively.

**Note 7. CODE Film**

CODE film (Correction Officer De-Escalation Education) was developed as a movie for the purpose of providing correctional officers with examples of how to manage inmates with mental illness in daily operations. It consisted of the following:

|                                | <b>2023</b>     | <b>2022</b>     |
|--------------------------------|-----------------|-----------------|
| Furniture and equipment        | \$ 30,000       | \$ 30,000       |
| Less: accumulated depreciation | <u>(30,000)</u> | <u>(30,000)</u> |
|                                | <b>\$ -</b>     | <b>\$ -</b>     |



**NAMI Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

---

**Note 8. Line of Credit**

In June 2022, the Organization obtained a \$100,000 line of credit with a local financial institution to assist with operational cash flow needs. The outstanding balance on the line was \$65,000 at June 30, 2022 and matured on June 13, 2023.

**Note 9. Board-designated Endowment**

The Organization's endowment consists of board-designated net assets held in cash and investment accounts. As required by US GAAP, net assets associated with endowment accounts are classified and reported based upon the existence or absence of donor-imposed restrictions. Changes in endowment net assets were as follows for the year ending June 30, 2023:

|   | <b>Without donor<br/>restrictions</b> | <b>With donor<br/>restrictions</b> | <b>Total</b>     |
|---|---------------------------------------|------------------------------------|------------------|
| Endowment net assets, beginning of year | \$ 63,617                             | \$ -                               | \$ 63,617        |
| Investment return                       | <u>4,537</u>                          | <u>-</u>                           | <u>4,537</u>     |
| Endowment net assets, end of year       | <b>\$ 68,154</b>                      | <b>\$ -</b>                        | <b>\$ 68,154</b> |

Changes in endowment net assets were as follows for the year ending June 30, 2022:

|   | <b>Without donor<br/>restrictions</b> | <b>With donor<br/>restrictions</b> | <b>Total</b>     |
|---|---------------------------------------|------------------------------------|------------------|
| Endowment net assets, beginning of year | \$ 143,214                            | \$ -                               | \$ 143,214       |
| Board redesignations                    | (69,527)                              | -                                  | (69,527)         |
| Investment return                       | <u>(10,070)</u>                       | <u>-</u>                           | <u>(10,070)</u>  |
| Endowment net assets, end of year       | <b>\$ 63,617</b>                      | <b>\$ -</b>                        | <b>\$ 63,617</b> |

**Endowment Investment Policy and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, allocation targets are primarily equities and fixed income.

**Spending Policy**

The Organization has a policy of withdrawing Board-approved amounts from the endowment accounts as needed. The Board may direct special allocations of the endowment funds be distributed to the Organization's operating account to satisfy operating expenses the Organization has been unable to pay through day-to-day operations.

**NAMI Tennessee**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

---

**Note 10. Leases**

The Organization maintains office space under an operating lease. Effective October 31, 2018, the Organization entered into a new lease requiring monthly rent payments ranging from \$2,258 to \$2,492 and expiring November 30, 2023.

Rent expense totaled \$33,450 and \$30,295 under all operating leases for the year ended June 30, 2023 and June 30, 2022 respectively. At June 30, 2023 the Organization had future minimum lease commitments of \$7,476.

**Note 11. Retirement Plan**

The Organization maintains a 403(b) retirement plan for its employees. Contributions to the plan are based on the employees' gross salaries and employees can make elective contributions to the plan. The costs of this employee benefit plan are charged to expense and totaled \$15,562 and \$13,845 for 2023 and 2022, respectively.

**Note 12. Concentrations**

The Organization is subject to certain concentrations of credit risk that include government grants receivable and government grant revenue. Government grants from the state of Tennessee are the primary means of support for the Organization. A reduction in the level of funding would have a significant impact on the Organization's finances.

**Note 13. Community Foundation of Middle Tennessee**

The Community Foundation of Middle Tennessee (the Foundation) maintains investments on behalf of the Organization. The Foundation has ultimate authority and control over the investments and the timing of receipt of the funds by the Organization is uncertain. Accordingly, net assets of the Organization do not include these investments. The Organization does anticipate receiving periodic investment earnings on its pro rata share of the Foundation's assets. The balance of the endowment fund held for the benefit of the Organization totaled \$21,357 and \$21,019 for the years ending June 30, 2023 and 2022, respectively.

**Note 14. Subsequent Events**

Management has evaluated subsequent events through June 20, 2024, the date on which the financial statements were available for issuance.

## **Supplementary Information**

**NAMI Tennessee**  
Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2023

| Grantor / Pass-through Grantor   | Program name   | Assistance Listing Number | Contract number | Expenditures        |
|--|--|---------------------------|-----------------|---------------------|
| <b>Federal Awards</b>  |  |                           |                 |                     |
| US Department of Health and Human Services /<br>Tennessee Department of Mental Health and Substance Abuse Services | Block Grants for Community Mental Health Services            | 93.958                    | 70712           | \$ 260,579          |
| Tennessee Department of Mental Health and Substance Abuse Services   | Block Grants for Community Mental Health Services            | 93.958                    | 70672           | 156,821             |
| Tennessee Department of Mental Health and Substance Abuse Services   | COVID-19 - Block Grants for Community Mental Health Services | 93.958                    | 77421           | 38,647              |
| Tennessee Department of Mental Health and Substance Abuse Services   | COVID-19 - Block Grants for Community Mental Health Services | 93.958                    | 71196           | <u>70,754</u>       |
|  |  |                           |                 | 526,801             |
| US Department of Justice /<br>Tennessee Department of Mental Health and Substance Abuse Services                   | Criminal and Juvenile Justice and Mental Health              | 16.745                    | 71929           | <u>117,989</u>      |
| Total federal awards   |  |                           |                 | 644,790             |
| <b>State Financial Assistance</b>  |  |                           |                 |                     |
| Tennessee Department of Mental Health and Substance Abuse Services   | Block Grants for Community Mental Health Services            |                           | 70712           | 205,037             |
| Tennessee Department of Mental Health and Substance Abuse Services   | Block Grants for Community Mental Health Services            |                           | 70672           | 123,028             |
| Tennessee Department of Mental Health and Substance Abuse Services   | NAMI Regional Affiliates                                     |                           | 75300           | <u>267,645</u>      |
| Total state financial assistance   |  |                           |                 | 595,710             |
| Total federal awards and state financial assistance  |  |                           |                 | <b>\$ 1,240,500</b> |

**Note 1. Basis of Presentation**

This schedule was prepared on the accrual basis of accounting in accordance with the format prescribed by the Tennessee Comptroller of the Treasury Division of Local Government Audit.

**Note 2. Indirect Cost Rate**

The Organization did not elect to use the 10% de minimis indirect cost rate. Direct costs are charged to the grant and the State allows for various percentages of administrative costs rate based on the specific grant agreement.



**Independent Auditor's 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***

Board of Directors  
NAMI Tennessee

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of NAMI Tennessee (the Organization), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents (collectively the financial statements), and have issued our report thereon dated June 20, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation 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 a 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. A significant deficiency is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001, that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Company's financial statements are free from 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 financial statements. 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*.

**Organization's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to findings identified in our audit and described in the accompanying schedule of findings and responses. The Company's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Blankenship CPA Group PLLC*

Blankenship CPA Group, PLLC  
Nashville, Tennessee  
June 20, 2024

**NAMI Tennessee**  
Schedule of Findings and Responses  
For the Year Ended June 30, 2023

---

**Section I . Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with US GAAP

Unmodified

Internal control over financial reporting

Material weakness identified?

No

Significant deficiency identified?

Yes

Noncompliance material to financial statements noted?

No

**Section II. Financial Statement Findings**

**Finding 2023-001 – Supporting Documentation for Expenses (Significant Deficiency)**

Condition/Context: During audit procedures, we noted the Organization was unable to locate and provide vendor invoices and/or receipts to support certain expenses paid by the Organization during the year.

Criteria: All transactions should be supported with adequate documentation including, but not limited to, vendor invoices, purchase orders, and/or receipts to help ensure fiscal responsibility of payments made.

Cause: The Organization was understaffed and not aware that such support other than transaction detail within the bank statements was necessary to maintain.

Effect: The Organization was unable to provide original receipts or vendor invoices for 3 of 40 items selected for testing purposes. There is a risk that financial statement balances could be materially misstated.

Recommendation: We recommend adequate supporting documentation be maintained for all business transactions, including but not limited to original vendor invoices and receipts.

Management Response: We agree with the finding and recommendation.

**NAMI Tennessee**  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2023

---

**Financial Statement Findings**

| <b>Finding Number</b> | <b>Finding Title</b>                  | <b>Status</b> |
|-----------------------|---------------------------------------|---------------|
| N/A                   | There were no prior findings reported | N/A           |

**Federal Award Findings and Questioned Costs**

| <b>Finding Number</b> | <b>Finding Title</b>                  | <b>Status</b> |
|-----------------------|---------------------------------------|---------------|
| N/A                   | There were no prior findings reported | N/A           |





June 20, 2024

## Management's Corrective Action Plan

NAMI Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2023.

### **Finding 2023-001 – Supporting Documentation for Expenses**

**Condition/Context:** During audit procedures, we noted the Organization was unable to locate and provide vendor invoices and/or receipts to support certain expenses paid by the Organization during the year.

**Criteria:** All transactions should be supported with adequate documentation including, but not limited to, vendor invoices, purchase orders, and/or receipts to help ensure fiscal responsibility of payments made.

**Cause:** The Organization was understaffed and not aware that such support other than transaction detail within the bank statements was necessary to maintain.

**Effect:** The Organization was unable to provide original receipts or vendor invoices for 3 of 40 items selected for testing purposes. There is a risk that financial statement balances could be materially misstated.

**Recommendation:** We recommend adequate supporting documentation be maintained for all business transactions, including but not limited to original vendor invoices and receipts.

**Management Response:** We agree with the finding and recommendation. We are currently implementing policies to ensure original supporting documentation in the form of vendor invoices and receipts related to all expenses are being retained as supporting documentation for the Organization's expenses. Additionally, support staff have been hired to help ensure adequate controls are in place to monitor.

**Person Responsible:** Katrina Gay, Executive Director.

**Completion Date:** June 30, 2024

A handwritten signature in blue ink that reads 'Katrina Gay'.

---

Katrina Gay, Executive Director

131 Sanders Ferry Road, Suite B ~ Hendersonville, TN 37075 ~ 615-361-6608 ~  
[info@namitn.org](mailto:info@namitn.org) ~ [www.namitn.org](http://www.namitn.org)