
NAMI New Orleans, Inc.

Financial Statements

June 30, 2019

NAMI New Orleans, Inc.
Table of Contents

Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Position.....	4
Statements of Activities and Changes in Net Assets	5
Statement of Functional Expenses	7
Statements of Cash Flows.....	9
Notes to Financial Statements	10
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	21
Notes to Schedule of Expenditures of Federal Awards	22
Schedule of Compensation, Benefits, and Other Payments to Executive Director.....	23
Statewide Agreed-Upon Procedures Required by Louisiana State Law	
Independent Accountant’s Report on Applying Agreed-Upon Procedures	24
Reports Required by <i>Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i>	33
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	35
Schedule of Findings and Questioned Costs.....	37
Summary Schedule of Prior Year Findings	39

Independent Auditor's Report

To the Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of NAMI New Orleans, Inc. ("NAMI"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NAMI's preparation and fair presentation of the financial statements 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 NAMI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI, as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Information

We have previously audited NAMI's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2019. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, effective July 1, 2018 NAMI adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of compensation, benefits, and other payments to executive director, as required by the State of Louisiana, are presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of expenditures of federal awards and the schedule of compensation, benefits, and other payments to executive director are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statewide agreed-upon procedures report, as required by Louisiana state law and referred to in our Independent Accountant's Reports on Applying Agreed-Upon Procedures, is presented for purposes of additional analysis and is not a required part of the financial statements. The statewide agreed-upon procedures report has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019, on our consideration of NAMI'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 the report is 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 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 NAMI's internal control over financial reporting and compliance.



Covington, Louisiana
December 31, 2019

Financial Statements

NAMI New Orleans, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 290,849	\$ 419,623
Limited use assets, current		
Donor designated funds	10,000	14,400
Funds held on behalf of clients	38,174	47,730
Investments	1,103,246	943,348
Limited use assets, cash and cash equivalents		
Accounts receivable, net	361,002	253,665
Grants receivable	171,194	312,260
Due from related party	1,569	1,136
Prepaid expenses	17,063	35,025
	<u>1,993,097</u>	<u>2,027,187</u>
Limited Use Assets		
Charitable remainder trust	206,196	210,886
Other Assets		
Property and equipment, net	566,129	612,723
	<u>\$ 2,765,422</u>	<u>\$ 2,850,796</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 28,490	\$ 42,103
Accrued payroll expenses	66,147	56,350
Contingent liability	-	16,400
Funds held on behalf of clients	38,174	47,730
	<u>132,811</u>	<u>162,583</u>
Noncurrent Liabilities		
Accrued compensated absences	47,286	42,569
Liability under unitrust agreement	42,882	43,858
	<u>90,168</u>	<u>86,427</u>
	222,979	249,010
Net Assets		
Without donor restrictions		
Undesignated	2,369,131	2,370,359
Board designated	-	50,000
	<u>2,369,131</u>	<u>2,420,359</u>
With donor restrictions	173,312	181,427
	<u>2,542,443</u>	<u>2,601,786</u>
	<u>\$ 2,765,422</u>	<u>\$ 2,850,796</u>

See accompanying notes to financial statements.

NAMI New Orleans, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Grants and contributions	\$ 1,241,139	\$ 10,000	\$ 1,251,139
Fees for services	1,377,356	-	1,377,356
Management fees	48,619	-	48,619
Membership dues	56,520	-	56,520
Fundraising	127,474	-	127,474
Investment income	34,898	-	34,898
Change in value of split interest agreement	-	(3,715)	(3,715)
Loss on disposal of asset	(5,067)	-	(5,067)
Other income	15,097	-	15,097
	<u>2,896,036</u>	<u>6,285</u>	<u>2,902,321</u>
Net assets released from restrictions due to satisfaction of donor-imposed requirements	14,400	(14,400)	-
	<u>2,910,436</u>	<u>(8,115)</u>	<u>2,902,321</u>
Expenses			
Program services			
Case management	591,913	-	591,913
Housing	408,322	-	408,322
Drop-in center	9,773	-	9,773
Rehabilitation	566,252	-	566,252
Education	94,180	-	94,180
Uptown friendship club	87,833	-	87,833
Womanspace	539,344	-	539,344
Finally home	151,132	-	151,132
	<u>2,448,749</u>	<u>-</u>	<u>2,448,749</u>
Supporting services			
Fundraising	27,034	-	27,034
Management and general	485,881	-	485,881
	<u>512,915</u>	<u>-</u>	<u>512,915</u>
	<u>2,961,664</u>	<u>-</u>	<u>2,961,664</u>
Change in net assets	(51,228)	(8,115)	(59,343)
Net assets, beginning of year, as restated (see note 13)	2,420,359	181,427	2,601,786
Net assets, end of year	<u>\$ 2,369,131</u>	<u>\$ 173,312</u>	<u>\$ 2,542,443</u>

See accompanying notes to financial statements.

NAMI New Orleans, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Grants and contributions	\$ 1,275,925	\$ 14,400	\$ 1,290,325
Fees for services	1,626,765	-	1,626,765
Management fees	51,176	-	51,176
Membership dues	86,261	-	86,261
Fundraising	158,188	-	158,188
Investment income	26,279	-	26,279
Change in value of split interest agreement	-	1,519	1,519
Loss on disposal of asset	-	-	-
Other income	12,779	-	12,779
	<u>3,237,373</u>	<u>15,919</u>	<u>3,253,292</u>
Net assets released from restrictions due to satisfaction of donor-imposed requirements	-	-	-
	<u>3,237,373</u>	<u>15,919</u>	<u>3,253,292</u>
Expenses			
Program services			
Case management	592,284	-	592,284
Housing	413,886	-	413,886
Drop-in center	16,590	-	16,590
Rehabilitation	577,602	-	577,602
Education	82,580	-	82,580
Uptown friendship club	94,689	-	94,689
Womanspace	531,766	-	531,766
Finally home	140,631	-	140,631
	<u>2,450,028</u>	<u>-</u>	<u>2,450,028</u>
Supporting services			
Fundraising	62,463	-	62,463
Management and general	486,490	-	486,490
	<u>548,953</u>	<u>-</u>	<u>548,953</u>
	<u>2,998,981</u>	<u>-</u>	<u>2,998,981</u>
Change in net assets	<u>238,392</u>	<u>15,919</u>	<u>254,311</u>
Net assets, beginning of year	2,181,967	165,508	2,347,475
Net assets, end of year	<u>\$ 2,420,359</u>	<u>\$ 181,427</u>	<u>\$ 2,601,786</u>

See accompanying notes to financial statements.

NAMI New Orleans, Inc.
Statement of Functional Expenses – Program Services
For the Year Ended June 30, 2019
(with summarized financial information for the year ended June 30, 2018)

	Case Management	Housing	Drop-in Center	Rehabilitation	Education	Uptown Friendship Club	Womanspace	Finally Home	Program Services Total	2018 Total
Client assistance	\$ 1,426	\$ 117,395	\$ -	\$ 1,867	\$ -	\$ 130	\$ 1,882	\$ 106,383	\$ 229,083	\$ 224,150
Salaries and related expenses	486,117	228,800	6,567	399,068	64,511	55,332	426,795	31,134	1,698,324	1,720,211
Training and conferences	283	9	-	1,619	4,963	-	602	6	7,482	804
Travel	38,471	15,627	-	7,986	-	610	3,295	2,884	68,873	76,363
Lease expenses	-	-	-	-	-	-	3,434	-	3,434	-
Insurance	16,856	10,056	302	13,239	1,006	3,484	14,989	3,687	63,619	61,395
Office supplies	3,398	1,482	328	12,890	4,421	2,252	39,684	284	64,739	45,300
Telephone and internet	8,059	3,067	301	8,461	301	1,902	6,226	806	29,123	28,733
Utilities	3,827	1,822	325	8,929	325	3,411	-	843	19,482	22,144
Repairs and maintenance	3,908	1,002	733	16,365	303	9,200	2,307	905	34,723	26,824
Depreciation	8,118	5,834	880	15,560	3,044	5,829	2,213	684	42,162	32,927
Bad debts	5,275	11,857	-	16,850	-	401	3,679	951	39,013	52,736
Administrative expenses	350	1,730	188	8,305	13,442	83	1,565	312	25,975	8,203
Professional fees	15,825	9,266	149	54,588	708	3,230	9,819	1,807	95,392	91,325
Legal fees and expenses	-	-	-	-	-	-	-	-	-	-
Event expenses	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	-	375	-	525	786	-	375	375	2,436	9,326
Advertising	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	370	1,969	-	-	2,339	3,271
In-kind donations	-	-	-	-	-	-	22,479	71	22,550	46,316
Interest expense	-	-	-	-	-	-	-	-	-	-
	<u>\$ 591,913</u>	<u>\$ 408,322</u>	<u>\$ 9,773</u>	<u>\$ 566,252</u>	<u>\$ 94,180</u>	<u>\$ 87,833</u>	<u>\$ 539,344</u>	<u>\$ 151,132</u>	<u>\$ 2,448,749</u>	<u>\$ 2,450,028</u>

See accompanying notes to financial statements.

NAMI New Orleans, Inc.
Statement of Functional Expenses (Continued)
For the Year Ended June 30, 2019
(with summarized financial information for the year ended June 30, 2018)

	Program Services Total	Support Services			2019 Total Expenses	2018 Total Expenses
		Fundraising	Management and general	Total Support Services		
Client assistance	\$ 229,083	\$ -	\$ 185	\$ 185	\$ 229,268	\$ 224,150
Salaries and related expenses	1,698,324	9,550	404,053	413,603	2,111,927	2,080,012
Training and conferences	7,482	117	3,513	3,630	11,112	2,377
Travel	68,873	70	581	651	69,524	77,369
Lease expenses	3,434	1,500	-	1,500	4,934	1,278
Insurance	63,619	603	3,737	4,340	67,959	65,091
Office supplies	64,739	8,772	12,987	21,759	86,498	58,109
Telephone and internet	29,123	-	2,089	2,089	31,212	32,183
Utilities	19,482	-	3,252	3,252	22,734	26,032
Repairs and maintenance	34,723	-	4,737	4,737	39,460	29,705
Depreciation	42,162	-	6,005	6,005	48,167	37,981
Bad debts	39,013	-	-	-	39,013	106,712
Administrative expenses	25,975	5,032	4,938	9,970	35,945	52,067
Professional fees	95,392	-	16,294	16,294	111,686	101,085
Legal fees and expenses	-	-	22,564	22,564	22,564	27,926
Event expenses	-	-	-	-	-	5,038
Dues and subscriptions	2,436	964	465	1,429	3,865	10,744
Advertising	-	-	-	-	-	1,382
Miscellaneous expenses	2,339	15	421	436	2,775	6,174
In-kind donations	22,550	411	-	411	22,961	52,545
Interest expense	-	-	60	60	60	1,021
	<u>\$ 2,448,749</u>	<u>\$ 27,034</u>	<u>\$ 485,881</u>	<u>\$ 512,915</u>	<u>\$ 2,961,664</u>	<u>\$ 2,998,981</u>

See accompanying notes to financial statements.

NAMI New Orleans, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (59,343)	\$ 254,311
Adjustments to reconcile the increase (decrease) in net assets to cash provided by operating activities:		
Depreciation	48,167	37,981
Net realized and unrealized losses on investments	2,289	13,521
Loss on disposal of asset	5,067	-
(Increase) decrease in:		
Accounts receivable	(107,337)	59,472
Grants receivable	141,066	(27,420)
Due from related party	(433)	2,602
Prepaid expenses	17,962	(29,353)
Security deposits	-	1,056
Charitable remainder trust	4,690	4,573
(Decrease) increase in:		
Accounts payable	(13,613)	34,107
Accrued payroll expenses	9,797	3,233
Contingent liability	(16,400)	16,400
Liability under unitrust agreement	(976)	(6,092)
Funds held on behalf of clients	(9,556)	(2,262)
Compensated absences	4,717	1,097
Net cash provided by operating activities	<u>26,097</u>	<u>363,226</u>
Cash Flows From Investing Activities		
Net purchases and sales of investments	(162,187)	(39,801)
Purchase of property and equipment	(6,640)	(60,186)
Net cash used in investing activities	<u>(168,827)</u>	<u>(99,987)</u>
Cash Flows From Financing Activities		
Payments on line of credit	-	(83,000)
Net cash used in financing activities	<u>-</u>	<u>(83,000)</u>
Net increase (decrease) in cash and cash equivalents	(142,730)	180,239
Cash, cash equivalents, and restricted cash, beginning of year	<u>481,753</u>	<u>301,514</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 339,023</u>	<u>\$ 481,753</u>

See accompanying notes to financial statements.

NAMI New Orleans, Inc.

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Organization

NAMI New Orleans, Inc. ("NAMI") is a non-profit organization which operates in the New Orleans Metropolitan Area. 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. The organization has several contracts with the Metropolitan Human Services District and Jefferson Parish Human Services Authority and receives other funding from fees, dues, donations, and fund-raising. NAMI is governed by a Board of Directors consisting of fifteen volunteers.

NAMI is accredited every three years by the Commission on Accreditation of Rehabilitation Facilities and affiliated with the National Alliance on Mental Illness, Inc. Accreditation is based on successfully meeting specific organizational, programmatic, and legal requirements. The affiliation allows NAMI to use the NAMI name and logo, receive grant support, and participate in conferences and supporting events conducted by the National Alliance on Mental Illness, Inc.

Financial Statement Presentation

The financial statements of NAMI are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations* (the "Guide"). The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Net Assets

Under the provisions of the Guide, the classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities. In accordance with U.S. generally accepted accounting principles (U.S. GAAP), NAMI reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net assets without donor restriction: net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of NAMI, the environment in which it operates, and the purposes specified in its corporate documents.
- Net assets with donor restriction: net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Restriction(s)

When both net assets with donor restriction(s) and net assets without donor restriction(s) are available for use, it is NAMI's policy to use the net assets with donor restriction first, then net assets without donor restriction as needed.

NAMI New Orleans, Inc.

Notes to Financial Statements

Reclassifications

Certain revenue and expenses accounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. These reclassifications had no effect on net assets.

Summarized Comparative Information

The statement of functional expenses includes prior year comparative information that has been summarized in total rather than being reported by each program and supporting service. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with NAMI's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present certain categories of expenses that are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort and other natural costs are allocated on the basis of management identification based on observation and professional evaluation of the direct benefit of the cost to a particular program function or supporting function.

Use of Estimates

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

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents includes demand deposits and all highly liquid investments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable are recorded at net realizable value and consist of charges for services provided by NAMI but have not been collected at year-end. Management monitors the receivable balances and assesses the collectability at year-end based upon the historical collections, knowledge of the individual or entity, and the age of the receivable balance. As a result of these reviews, management recorded \$25,071 and \$9,404 as an allowance for doubtful accounts at June 30, 2019 and 2018, respectively.

Grants Receivable

Grants receivable are recorded at net realizable value and consists of payments due for services performed in accordance with specific contracts and programs administered. Management periodically reviews the status of all grants receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the grantor and the age of the receivable balance. At June 30, 2019 and 2018, management has deemed grants receivable to be collectible; therefore no allowance for doubtful accounts is reported.

NAMI New Orleans, Inc.

Notes to Financial Statements

Investments

NAMI invests in mutual funds and equities which are carried at fair value. Investment income includes interest, dividends, realized and unrealized gains and losses, and investment fees and is included in the statement of activities and changes in net assets as increases or decreases in unrestricted net assets.

Grants and Contributions

NAMI follows ASC Subtopic 958-605, *Revenue Recognition*, to recognize cash contributions from individuals and domestic organizations. These contributions, including unconditional promises, are recognized as revenue when the donor's unconditional commitment is received. All 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 net assets with donor restriction(s).

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions which are fulfilled in the time period in which the contribution is received are recorded as net assets without donor restrictions in the financial statements. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment is recorded at cost, or, if donated, at the fair value on the date of the donation. NAMI capitalizes all fixed assets with a purchase price or donated fair value of \$2,500 or more. Repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Description	Years
Building and improvements	10 - 40
Office furniture and equipment	5 - 10
Transportation equipment	5
Household equipment	7
Educational, recreational, cultural equipment	5 - 7
Software	5

Compensated Absences

NAMI's employees earn accrued vacation time at various amounts according to years of service but not to exceed 125 hours. Once an employee has accumulated 125 hours of vacation leave, the employee stops accruing vacation leave until the employee has less than 125 hours in their vacation leave balance. Upon separation from employment, an employee shall receive that amount of vacation accrued (a maximum of 125 hours) at the employee's effective rate of pay at the time of separation. The compensated absences liability is reported as a long-term liability with the portion expected to be paid within one year reported as a current liability and an expense allocated on a functional basis. At June 30, 2019 and 2018, NAMI had accrued compensated absences of \$47,286 and \$42,569, respectively.

NAMI New Orleans, Inc.

Notes to Financial Statements

Advertising

Advertising costs are expensed as incurred and allocated among the programs and supporting services benefited on the statement of functional expenses. Advertising expense was \$1,382 for the year ended June 30, 2018.

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 401(k) plan allows NAMI to make a discretionary match. NAMI made contributions of \$50,000 for the year ended June 30, 2019.

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, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code and is exempt from Louisiana income tax under the authority of R.S. 47:121(5). Accordingly, no provision for income taxes has been reported. With few exceptions, NAMI is no longer subject to federal or state examinations by tax authorities prior to the tax year ended June 30, 2016.

NAMI follows the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the FASB Codification, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in NAMI's information tax returns. Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Under this guidance, NAMI may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits or obligations identified or recorded for the years ended June 30, 2019 and 2018.

Upcoming Pronouncements

On June 21, 2018, FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in the update should be applied on a modified prospective basis. Retrospective application is permitted. NAMI has not yet evaluated the impact this standard will have on its financial statements and related disclosures, including the selection of a transition method.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under ASU 2016-02, leases will continue to be differentiated between finance leases and operating leases. However, the principal difference from previous guidance is that a lessee should recognize a liability to make lease payments (the lease liability) in the statement of financial position and a right-of-use asset representing its right to use the underlying asset for the lease term for financing leases in addition to operating leases with a term of twelve months or more. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

NAMI New Orleans, Inc.

Notes to Financial Statements

Implemented Accounting Standards

On July 1, 2018, NAMI adopted ASU No. 2016-18, *Statement of Cash Flows – Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. NAMI applied a retrospective transition method to each period presented.

On July 1, 2018, NAMI has implemented the Financial Accounting Standards Board’s (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which provides more relevant information about available resources - and the changes in those resources - to donors, grantors, creditors and other users. The most significant aspects of the ASU are as follows:

- (1) The ASU replaces the current presentation of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.
- (2) The ASU expands the disclosures about the nature and amount of any donor restrictions, board designations of net assets without donor restrictions as well as any underwater endowment funds.
- (3) The ASU requires expenses to be presented by nature and function, as well as an analysis of the allocation of these expenses.
- (4) The ASU requires specific quantitative and qualitative disclosures to improve the ability of financial statement users to assess the entity's available financial resources and the methods by which it manages liquidity and liquidity risk.

The impact of the adoption of ASU No. 2016-14 on NAMI’s net assets is disclosed at Note 13.

2. Liquidity and Availability

NAMI strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, NAMI invests cash in excess of daily requirement in a money market account and mutual funds that can be withdrawn if needed. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following at June 30:

	2019	2018
Cash and equivalents	\$ 290,849	\$ 419,623
Investments	1,103,246	943,348
Accounts receivable, net	361,002	253,665
Grants receivable	171,194	312,260
Due from related party	1,569	1,136
	<u>\$ 1,927,860</u>	<u>\$ 1,930,032</u>

NAMI New Orleans, Inc.

Notes to Financial Statements

3. Investments

Investments are carried at fair value and are comprised of the following at June 30:

	<u>2019</u>	<u>2018</u>
Money market	\$ 236,947	\$ 43,242
Mutual funds	866,299	859,135
Common stock	-	40,971
	<u>\$ 1,103,246</u>	<u>\$ 943,348</u>

The following schedule summarizes investment returns including interest and administrative fees, and its classification in the financial statements for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 41,467	\$ 45,515
Net realized and unrealized losses	<u>(2,289)</u>	<u>(13,521)</u>
	39,178	31,994
Investment expenses	<u>(4,280)</u>	<u>(5,715)</u>
	<u>\$ 34,898</u>	<u>\$ 26,279</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of NAMI's investment in a single issuer. The investment policy of NAMI contains no limitations on the amount that can be invested in any one issuer.

4. Split Interest Trust

NAMI administers a charitable remainder trust (the "Trust"). The Trust provides for the payment of distributions to the grantor or other designated beneficiary over the Trust's term (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 are reported at fair market value and totaled \$206,196 and \$210,886 at June 30, 2019 and 2018, respectively. On an annual basis, NAMI revalues the liability to make distributions to the designated beneficiary based on actuarial assumptions. The present value of the estimated future payments (\$42,882 and \$43,858 at June 30, 2019 and 2018, respectively) is calculated using a discount rate of 5% and applicable mortality tables.

NAMI New Orleans, Inc.
Notes to Financial Statements

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. NAMI has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are as follows:

- Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – Unobservable inputs for the asset or liability, including the reporting entity’s own assumptions in determining the fair value measurement.

The following table sets forth by level NAMI's assets at fair value at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Money market	\$ 236,947	\$ -	\$ -	\$ 236,947
Mutual funds	866,299	-	-	866,299
	<u>1,103,246</u>	<u>-</u>	<u>-</u>	<u>1,103,246</u>
Assets held in charitable remainder trust				
Money market	14,603	-	-	14,603
Mutual funds	191,593	-	-	191,593
	<u>206,196</u>	<u>-</u>	<u>-</u>	<u>206,196</u>
Liability				
Liability under unitrust agreement	-	-	42,882	42,882
	<u>-</u>	<u>-</u>	<u>42,882</u>	<u>42,882</u>

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used by the fund managers in determining the value at June 30, 2019:

Liability	
Liability under unitrust agreement	
Beginning balance	\$ 43,858
Change in liability under unitrust agreement	(976)
	<u>\$ 42,882</u>

NAMI New Orleans, Inc.
Notes to Financial Statements

The following table sets forth by level NAMI's assets at fair value at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Money market	\$ 43,242	\$ -	\$ -	\$ 43,242
Mutual funds	859,135	-	-	859,135
Common stock	40,971	-	-	40,971
	<u>943,348</u>	<u>-</u>	<u>-</u>	<u>943,348</u>
Assets held in charitable remainder trust				
Money market	7,471	-	-	7,471
Mutual funds	203,415	-	-	203,415
	<u>210,886</u>	<u>-</u>	<u>-</u>	<u>210,886</u>
Liability				
Liability under unitrust agreement	-	-	43,858	43,858
	<u>-</u>	<u>-</u>	<u>43,858</u>	<u>43,858</u>

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used by the fund managers in determining the value at June 30, 2018:

Liability	
Liability under unitrust agreement	
Beginning balance	\$ 49,950
Change in liability under unitrust agreement	(6,092)
	<u>\$ 43,858</u>

6. Board Designated Reserve

The board designated reserve consist of the following at June 30:

	Balance at June 30, 2018	Additions	Payments	Balance at June 30, 2019
Reserve for contributions to employees' retirement plans	\$ 50,000	\$ -	\$ (50,000)	\$ -

On June 21, 2018, the Board of Directors' Executive Committee reviewed NAMI's results from operations for the year ended June 30, 2018. Based upon the review, the Board of Directors approved a designated reserve of \$50,000 to be contributed to employee retirement plans during the June 30, 2019 fiscal year. See the retirement plan note disclosure at Note 1.

NAMI New Orleans, Inc.
Notes to Financial Statements

7. Property and Equipment

Property and equipment consist of the following:

	Balance at 06/30/18	Additions	Deletions	Balance at 06/30/19
Capital assets not being depreciated				
Land	\$ 77,800	\$ -	\$ -	\$ 77,800
Capital assets being depreciated				
Building and improvements	985,086	6,640	(6,812)	984,914
Office furniture and equipment	83,194	-	-	83,194
Software	45,000	-	-	45,000
Transportation equipment	59,833	-	-	59,833
Household equipment	18,284	-	-	18,284
Educational, recreational, and cultural equipment	648	-	-	648
	<u>1,192,045</u>	<u>6,640</u>	<u>(6,812)</u>	<u>1,191,873</u>
Accumulated depreciation	<u>(657,122)</u>	<u>(48,167)</u>	<u>1,745</u>	<u>(703,544)</u>
	<u>534,923</u>	<u>(41,527)</u>	<u>(5,067)</u>	<u>488,329</u>
	<u>\$ 612,723</u>	<u>\$ (41,527)</u>	<u>(5,067)</u>	<u>\$ 566,129</u>

Depreciation expense was \$48,167 and \$37,981 for the years ended June 30, 2019 and 2018, respectively.

8. Net Assets with Donor Restrictions

At June 30, 2019 and 2018, NAMI had \$10,000 and \$14,400, respectively, of net assets with donor restrictions. The restriction will be lifted when the funds are used for the specified purpose.

9. Lines of Credit

NAMI has an available revolving line of credit with Whitney Bank totaling \$100,000 that originated on May 29, 2016 and has been extended to May 20, 2020. The interest rate on the note is subject to change from time to time based on changes in an independent index which is the prime rate for the U.S. designated in the "Money Rates" section of the Wall Street Journal. However, under no circumstances will the interest rate on the note be less than 4.00% per annum or more than the maximum amount allowed by law. At June 30, 2019 and 2018 there were no balances outstanding on the note.

NAMI has an available revolving line of credit with Iberia Bank totaling \$300,000 that originated on August 4, 2017 and has been extended to July 24, 2020. The interest rate on the note is subject to change from time to time based on changes in an independent index which is the prime rate for the U.S. designated in the "Money Rates" section of the Wall Street Journal. At June 30, 2019 and 2018 there were no balances outstanding on the note.

NAMI New Orleans, Inc.

Notes to Financial Statements

10. Concentrations

In the normal course of operations, NAMI maintains cash deposits with major financial institutions which, from time to time, may exceed federally insured limits. Management periodically assesses the financial condition of the institutions and believes the risk of incurring material losses related to this credit risk is remote.

Included in receivables are amounts due from various insurance companies, Medicaid, and Medicare for services provided to clients. NAMI requires no collateral to secure the accounts receivable. Payment of these accounts is dependent upon the insurance companies, Medicaid, and Medicare's willingness to reimburse NAMI for the services provided for clients.

11. Related Party Transactions

Friends of Alliance Housing, Inc. I

The executive director of NAMI also serves as executive director of Friends of Alliance Housing, Inc. I ("FAHI I"). NAMI and FAHI I have undertaken in the following related party transactions:

- NAMI has provided FAHI I with the use of facilities and/or administrative support. In return, FAHI I reimbursed NAMI \$5,363 for the years ended June 30, 2019 and \$5,363 for the year ended June 30, 2018.
- NAMI's staff provides services for FAHI I as needed. In return, FAHI I reimbursed NAMI \$13,464 for salary expenses for the year ended June 30, 2019 and \$13,464 for the year ended June 30, 2018.

Friends of Alliance Housing, Inc. II

The executive director NAMI also serves as executive director of Friends Alliance Housing, Inc. II ("FAHI II"). NAMI and FAHI II have undertaken in the following related party transactions:

- NAMI has provided FAHI II with the use of facilities and/or administrative support. In return, FAHI II reimbursed NAMI \$8,266 for these management services for the year ended June 30, 2019 and \$8,266 for the year ended June 30, 2018.
- NAMI's staff provides services for FAHI II as needed. In return, FAHI II reimbursed NAMI \$12,564 for salary expenses for the year ended June 30, 2019 and \$12,564 for the year ended June 30, 2018.
- FAHI II paid NAMI \$5,500 to advertise at NAMI's fund raiser, NAMI Walks, for the year ended June 30, 2018.
- NAMI leases a vehicle from FAHI II at a rate of \$10 per annum. The lease is cancellable with one month's notice.

Allied Paper

A member of NAMI's Board of Directors, has a 50% ownership in Allied Paper. For the years ended June 30, 2019 and 2018, NAMI purchased \$10,590 and \$10,149, respectively, of janitorial supplies from Allied Paper.

NAMI New Orleans, Inc.
Notes to Financial Statements

12. Legal Proceeding and Contingency

NAMI was involved in a legal proceeding with an employee who filed a complaint for workplace discrimination on January 18, 2017. The U.S. Equal Employment Opportunity Commission cleared NAMI of wrongdoing. However, due to the cost of litigation being more than the civil suit, NAMI decided to settle out of court on September 28, 2018 for \$16,400 – which includes compensatory damages, back wages, and attorney fees paid to the former employee. NAMI has reported a contingent liability of \$16,400 at June 30, 2018. NAMI paid the outstanding balance during the 2019 fiscal year.

13. Restatement of Net Assets

The impact of the adoption of ASU No. 2016-14 on the NAMI's net assets are as follows:

	As Previously Stated 6/30/2018	Change in Accounting Principle	As Restated 6/30/2018
Statement of Financial Position			
Unrestricted net assets	\$ 2,420,359	\$ (2,420,359)	\$ -
Without donor restrictions	-	2,420,359	2,420,359
	<u>2,420,359</u>	<u>-</u>	<u>2,420,359</u>
Temporarily restricted net assets	181,427	(181,427)	-
With donor restrictions	-	181,427	181,427
	<u>181,427</u>	<u>-</u>	<u>181,427</u>
	<u>\$ 2,601,786</u>	<u>\$ -</u>	<u>\$ 2,601,786</u>
Statement of Activities and Changes in Net Assets			
Change in unrestricted net assets	\$ 238,392	\$ (238,392)	\$ -
Change in net assets without donor restrictions	-	238,392	238,392
	<u>238,392</u>	<u>-</u>	<u>238,392</u>
Change in temporarily restricted net assets	15,919	(15,919)	-
Change in net assets with donor restrictions	-	15,919	15,919
	<u>15,919</u>	<u>-</u>	<u>15,919</u>
	<u>\$ 254,311</u>	<u>\$ -</u>	<u>\$ 254,311</u>

14. Subsequent Events

NAMI evaluated subsequent events through December 31, 2019 which is the date the financial statements were available to be issued.

Supplementary Information

NAMI New Orleans, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Name / Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct program			
Continuum of Care Program	14.267	Permanent Housing and Independent Living / # LA0072L6H031710	\$ 184,643
Total direct programs			<u>184,643</u>
Pass-through program			
Unity of Greater New Orleans			
Continuum of Care Program	14.267	Finally Home / LA0210L6H031704	134,322
Continuum of Care Program	14.267	Womanspace Safe Haven / LA0083L6H031710	484,889
Total pass-through programs			<u>619,211</u>
Total U.S. Department of Housing and Urban Development			<u>803,854</u> *
U.S. Department of Health and Human Services			
Pass-through program			
Unity of Greater New Orleans	93.243	New Orleans Equity and Inclusion Initiative / #IH79SM053337-01	181,961
Substance Abuse and Mental Health Services			<u>181,961</u>
Total U.S. Department of Health and Human Services			<u>181,961</u>
Total expenditures of federal awards			<u>\$ 985,815</u>

* audited as a major program

See independent auditor's report.

NAMI New Orleans, Inc.

Notes to Schedule of Expenditures of Federal Awards

Reporting Entity

The accompanying schedule of expenditures of federal awards presents the activities of federal award programs expended by NAMI New Orleans, Inc. ("NAMI"). NAMI's reporting entity is defined in Note 1 of the notes to financial statements.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of NAMI under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of NAMI, it is not intended to and does not present the financial position, changes in net position, fund balance, or changes in fund balance.

Summary of Significant Accounting Policies

The schedule of expenditures of federal awards is reported on the same accounting basis as the fund financial statements, which is described in Note 1 of the notes to financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NAMI did not elect to use the 10 percent de minimis indirect rate.

NAMI New Orleans, Inc.
Schedule of Compensation, Benefits, and Other Payments to Executive Director
For the Year Ended June 30, 2019

Agency Head: Lisa Romback
Position: Executive Director

Purpose	Amount
Salary	\$ 91,273
Benefits: insurance	3,245
Benefits: retirement	3,989
Travel	1,588
Cell phone allowance	330
	<u>\$ 100,425</u>

See independent auditor's report.

***Statewide Agreed-Upon Procedures
Required by Louisiana State Law***

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by NAMI New Orleans, Inc. (the "NAMI") and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about NAMI's compliance with certain laws and regulations for the year ended June 30, 2019. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

-
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results

No exceptions noted.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results

Bank reconciliations do not have a member of management or board member approval.

The NAMI Representative Payee checking account was not reconciled within two months of the related statement closing date.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

-
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.
-

Results

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is *subject to increased scrutiny*.

Results

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

-
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results

No exceptions noted.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law.
 - c) If the contract was amended, observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results

No exceptions noted.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

-
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results

Employee pay rates and pay raises are not documented in employees' personnel files.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results

Not applicable for non-profit organizations.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results

Per management's representations, NAMI has no debt.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results

Per management's representations, there have been no misappropriations during the fiscal year ended June 30, 2019 or through date of this report.

Results

We noted the following exceptions as a result of applying the above procedures:

1. ***Bank Reconciliations***

Bank reconciliations do not have a member of management or board member approval.

The NAMI Representative Payee checking account was not reconciled within two months of the related statement closing date.

2. ***Payroll and Personnel***

Employee pay rates and pay raises are not documented in employees' personnel files.

Management's Response and Corrective Actions

1. NAMI will implement procedures to ensure a member of management or board member approves bank reconciliations.

The NAMI Representative Payee checking account will be reconciled on a monthly basis and reviewed by management or board member.

2. Employees' personnel files will be updated to include all employees' approved pay rates. When a pay increase is approved, employees' personnel files will include documentation that supports the pay rate increase.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Pinell S. Martineau, LLC". The signature is written in a cursive style with a large initial "P".

Covington, Louisiana
December 31, 2019

*Reports Required by
Government Auditing Standards*

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*

To the Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

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, the financial statements of NAMI New Orleans, Inc. (“NAMI”), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NAMI’s internal control over financial reporting (“internal control”) to determine the 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 NAMI’s internal control. Accordingly, we do not express an opinion on the effectiveness of NAMI’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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAMI'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 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*.

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 NAMI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NAMI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Covington, Louisiana
December 31, 2019

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited NAMI New Orleans, Inc.’s (“NAMI”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NAMI’s major federal programs for the year ended June 30, 2019. NAMI’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of NAMI New Orleans, Inc.’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NAMI New Orleans, Inc.’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NAMI’s compliance.

Opinion on Each Major Federal Program

In our opinion, NAMI, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of NAMI, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NAMI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NAMI's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Covington, Louisiana
December 31, 2019

NAMI New Orleans, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

A. Summary of Auditor's Results

Financial Statements

- a. Type of auditor's report issued: Unmodified
- b. Internal control over financial reporting:
- | | | |
|---|-----------|--|
| Material weaknesses identified | _____ yes | _____ <input checked="" type="checkbox"/> no |
| Significant deficiencies identified that are not considered to be material weaknesses | _____ yes | _____ <input checked="" type="checkbox"/> none noted |
- c. Noncompliance material to financial statements noted
- | | | |
|--|-----------|--|
| | _____ yes | _____ <input checked="" type="checkbox"/> no |
|--|-----------|--|

Federal Awards

- a. Type of auditor's report issued on compliance for major programs: Unmodified
- b. Internal control over major programs:
- | | | |
|---|-----------|--|
| Material weaknesses identified | _____ yes | _____ <input checked="" type="checkbox"/> no |
| Significant deficiencies identified that are not considered to be material weaknesses | _____ yes | _____ <input checked="" type="checkbox"/> none noted |
- c. Any audit findings disclosed that are required to be reported by *Title 2 U.S. Code of Federal Regulations Part 200*.
- | | | |
|--|-----------|--|
| | _____ yes | _____ <input checked="" type="checkbox"/> no |
|--|-----------|--|
- d. Identification of major programs:
- CFDA # 14.267 Continuum of Care Program
- e. Dollar threshold used to distinguish between Type A and Type B programs: _____ \$ 750,000
- f. Auditee qualified as low-risk audit
- | | | |
|--|-----------|--|
| | _____ yes | _____ <input checked="" type="checkbox"/> no |
|--|-----------|--|

NAMI New Orleans, Inc.
Schedule of Findings and Questioned Costs *(Continued)*
For the Year Ended June 30, 2019

**B. Findings Related to the Financial Statements Reported in Accordance with
*Government Auditing Standards***

None noted.

C. Findings and Questioned Costs for Federal Awards Under the Uniform Guidance

None noted.

NAMI New Orleans, Inc.
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2019

A. Findings in Accordance with *Government Auditing Standards*

2018-1 Compliance: Timely Submission of Report

Criteria

Louisiana Revised Statute 24:513 requires NAMI's audited financial statements to be submitted to the Louisiana Legislative Auditor no later than six months after the local auditee's fiscal year-end.

Condition

The June 30, 2018 audited financial statements were submitted to the Louisiana Legislative Auditor 11 days after the December 31, 2018 due date.

Cause

The auditors needed the attorney representation letter from NAMI's attorney before releasing the audited financial statements in order to obtain pertinent information regarding litigation. The attorney representation letter was received January 10, 2019.

Effect

NAMI was not in compliance with Louisiana R.S. 24:513.

Recommendation

No recommendation necessary. Management took the necessary steps to obtain the needed information.

Update

This finding was addressed by management.

B. Findings and Questioned Costs for Federal Awards Under the Uniform Guidance

None noted.