

NAMI NEW HAMPSHIRE
Financial Statements
With Schedule of Expenditures of Federal Awards
June 30, 2021 and 2020
and
Independent Auditor's Report

**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***

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Schedule of Findings and Questioned Costs

NAMI NEW HAMPSHIRE

FINANCIAL STATEMENTS

June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NAMI New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of NAMI New Hampshire (a nonprofit entity), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 an opinion on these financial statements based on our audits. We conducted our audits 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 the entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI New Hampshire, as of June 30, 2021 and 2020, 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.

Other Matters

Supplementary Information

Our audits were 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022, on our consideration of NAMI New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and 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 New Hampshire's internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
May 31, 2022

NAMI NEW HAMPSHIRE
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 526,623	\$ 459,782
Investments	687,193	729,694
Accounts receivable, net	355,275	373,059
Grants receivable	319,882	127,587
TOTAL CURRENT ASSETS	<u>1,888,973</u>	<u>1,690,122</u>
PROPERTY AND EQUIPMENT:		
Land	290,800	290,800
Building and improvements	1,177,690	1,177,690
Equipment	8,218	8,218
Furniture and fixtures	604	604
	<u>1,477,312</u>	<u>1,477,312</u>
Less accumulated depreciation	<u>(195,490)</u>	<u>(163,077)</u>
PROPERTY AND EQUIPMENT, NET	<u>1,281,822</u>	<u>1,314,235</u>
OTHER NONCURRENT ASSETS:		
Investments	<u>848,351</u>	<u>441,241</u>
TOTAL OTHER NONCURRENT ASSETS	<u>848,351</u>	<u>441,241</u>
TOTAL ASSETS	<u>\$ 4,019,146</u>	<u>\$ 3,445,598</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 116,644	\$ 180,142
Accrued expenses	140,200	221,929
Current portion of SBA note payable		200,022
Current portion of mortgage notes payable	11,853	34,728
TOTAL CURRENT LIABILITIES	<u>268,697</u>	<u>636,821</u>
NONCURRENT LIABILITIES:		
SBA note payable, less current portion		254,778
Mortgage notes payable, less current portion	406,606	486,838
TOTAL NONCURRENT LIABILITIES	<u>406,606</u>	<u>741,616</u>
TOTAL LIABILITIES	<u>675,303</u>	<u>1,378,437</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	2,451,970	1,625,920
Board designated	848,351	441,241
With donor restrictions:		
Purpose restrictions	43,522	
TOTAL NET ASSETS	<u>3,343,843</u>	<u>2,067,161</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,019,146</u>	<u>\$ 3,445,598</u>

See notes to financial statements

NAMI NEW HAMPSHIRE
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT:		
Fees and grants from governmental agencies	\$ 2,588,944	\$ 2,152,786
Contributions	640,142	437,757
Interest and dividends	11,694	12,539
Unrealized gains on investments	173,424	3,740
In-kind donations		28,500
Fundraising events	180,723	171,600
Training services	1,193,860	907,170
Membership dues	6,556	5,185
Other revenue	5,998	11,640
SBA Paycheck Protection Program loan forgiveness	454,800	
TOTAL REVENUE AND SUPPORT	<u>5,256,141</u>	<u>3,730,917</u>
WITHOUT DONOR RESTRICTIONS		
EXPENSES:		
PROGRAM SERVICES:		
Community and Public Policy Relations	217,910	106,001
Connect Suicide Prevention Project	802,007	366,906
Public Education	2,345,448	2,212,321
TOTAL PROGRAM SERVICES	<u>3,365,365</u>	<u>2,685,228</u>
SUPPORTING SERVICES:		
Management and general	426,563	453,443
Fundraising	231,053	335,956
TOTAL SUPPORTING SERVICES	<u>657,616</u>	<u>789,399</u>
TOTAL EXPENSES	<u>4,022,981</u>	<u>3,474,627</u>
INCREASE IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS	<u>1,233,160</u>	<u>256,290</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Training services	43,522	
INCREASE IN NET ASSETS		
WITH DONOR RESTRICTIONS	<u>43,522</u>	<u>-</u>
CHANGE IN NET ASSETS	1,276,682	256,290
NET ASSETS - JULY 1	<u>2,067,161</u>	<u>1,810,871</u>
NET ASSETS - JUNE 30	<u>\$ 3,343,843</u>	<u>\$ 2,067,161</u>

See notes to financial statements

**NAMI NEW HAMPSHIRE
STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2021

	Program Services				Supporting Services			Total Expenses
	Community and Public Policy Relations	Connect Suicide Prevention Project	Public Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
SALARIES AND RELATED EXPENSES:								
Salaries	\$ 172,802	\$ 263,250	\$ 1,645,431	\$ 2,081,483	\$ 257,701	\$ 134,070	\$ 391,771	\$ 2,473,254
Employee benefits	12,023	41,984	283,828	337,835	16,333	30,147	46,480	384,315
Payroll taxes	13,856	20,670	135,881	170,407	15,902	9,671	25,573	195,980
	<u>198,681</u>	<u>325,904</u>	<u>2,065,140</u>	<u>2,589,725</u>	<u>289,936</u>	<u>173,888</u>	<u>463,824</u>	<u>3,053,549</u>
OTHER EXPENSES:								
Accounting	349	1,504	2,918	4,771	72	2,321	2,393	7,164
Audit fees	448	5,722	5,722	11,892	460	448	908	12,800
Legal and membership fees	4,968	2,589	2,868	10,425	9,495	1,305	10,800	21,225
Contracted services	500	422,445	61,764	484,709	43,195	1,511	44,706	529,415
Client services/training	2,013	14,512	66,891	83,416	835	3,933	4,768	88,184
Software subscriptions	733	1,825	4,419	6,977	19,991	10,595	30,586	37,563
Staff conferences and conventions	313	333	455	1,101	1,315	200	1,515	2,616
Occupancy	1,600	6,723	21,766	30,089	320	1,600	1,920	32,009
Office supplies	739	95	5,248	6,082	30,091	1,361	31,452	37,534
Maintenance	854	3,588	11,617	16,059	171	854	1,025	17,084
Fundraising/Event supplies			8,045	8,045		15,046	15,046	23,091
Depreciation	1,621	6,807	22,040	30,468	324	1,621	1,945	32,413
Food supplies	29		20	49	522	373	895	944
Equipment rental	823	3,458	11,198	15,479	1,344		1,344	16,823
Equipment maintenance	75	564	2,678	3,317	2,762	74	2,836	6,153
Advertising			254	254		1,050	1,050	1,304
Printing			2,677	2,677		355	355	3,032
Telephone and Communications	3,522	3,272	29,014	35,808	19,165	2,699	21,864	57,672
Postage and Shipping	34	52	2,475	2,561	857	5,436	6,293	8,854
Staff transportation		180	3,780	3,960		174	174	4,134
Insurance	608	2,434	8,275	11,317	243	608	851	12,168
Other expenditures			6,184	6,184	5,465	5,601	11,066	17,250
Total	<u>\$ 217,910</u>	<u>\$ 802,007</u>	<u>\$ 2,345,448</u>	<u>\$ 3,365,365</u>	<u>\$ 426,563</u>	<u>\$ 231,053</u>	<u>\$ 657,616</u>	<u>\$ 4,022,981</u>

See notes to financial statements

**NAMI NEW HAMPSHIRE
STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2020

	Program Services				Supporting Services			Total Expenses
	Community and Public Policy Relations	Connect Suicide Prevention Project	Public Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	
SALARIES AND RELATED EXPENSES:								
Salaries	\$ 82,464	\$ 177,825	\$ 1,503,224	\$ 1,763,513	\$ 250,174	\$ 178,332	\$ 428,506	\$ 2,192,019
Employee benefits	6,157	23,079	191,305	220,541	27,614	37,641	65,255	285,796
Payroll taxes	6,342	13,244	113,125	132,711	19,938	12,999	32,937	165,648
	<u>94,963</u>	<u>214,148</u>	<u>1,807,654</u>	<u>2,116,765</u>	<u>297,726</u>	<u>228,972</u>	<u>526,698</u>	<u>2,643,463</u>
OTHER EXPENSES:								
Accounting	126	739	3,072	3,937	87	3,422	3,509	7,446
Audit fees	525	1,924	12,766	15,215	1,750	525	2,275	17,490
Legal and membership fees	859	4,346		5,205	15,856	13,980	29,836	35,041
Contracted services		88,677	37,995	126,672	7,190	4,490	11,680	138,352
Client services/training		11,055	93,301	104,356			-	104,356
Software subscriptions		1,798	20,566	22,364	5,538	14,755	20,293	42,657
Staff conferences and conventions	1,270		6,828	8,098		2,538	2,538	10,636
Occupancy	1,112	4,076	27,049	32,237	816	4,076	4,892	37,129
Office supplies	228	192	2,074	2,494	15,879	1,346	17,225	19,719
Maintenance	1,407	5,161	34,248	40,816	70,938	5,161	76,099	116,915
Fundraising/Event supplies				-		26,001	26,001	26,001
Depreciation	961	3,525	23,712	28,198	320	3,525	3,845	32,043
Food supplies	560			560	5,431	8,388	13,819	14,379
Equipment rental	472	1,731	11,646	13,849	158	1,731	1,889	15,738
Equipment maintenance		75		75	7,487		7,487	7,562
Advertising			981	981	490	934	1,424	2,405
Printing	65			65	331		331	396
Telephone and Communications	2,136	4,343	28,464	34,943	17,626	4,245	21,871	56,814
Postage and Shipping	93	1,275	551	1,919	513	2,486	2,999	4,918
Staff transportation	897	22,511	74,282	97,690	291	1,951	2,242	99,932
Insurance	327	1,330	8,825	10,482	277	1,330	1,607	12,089
Non-cash supplies			18,307	18,307	4,093	6,100	10,193	28,500
Other expenditures				-	646		646	646
Total	<u>\$ 106,001</u>	<u>\$ 366,906</u>	<u>\$ 2,212,321</u>	<u>\$ 2,685,228</u>	<u>\$ 453,443</u>	<u>\$ 335,956</u>	<u>\$ 789,399</u>	<u>\$ 3,474,627</u>

See notes to financial statements

NAMI NEW HAMPSHIRE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants, contributions, and contracts	\$ 4,474,034	\$ 3,473,441
Interest income received	11,694	12,539
Cash paid to employees	(2,629,683)	(2,090,561)
Cash paid to suppliers and others	(1,476,291)	(1,115,000)
Interest paid	(18,621)	(24,766)
Net Cash Provided by Operating Activities	<u>361,133</u>	<u>255,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	<u>(191,185)</u>	<u>(443,801)</u>
Net Cash Used by Investing Activities	<u>(191,185)</u>	<u>(443,801)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on mortgage notes payable	(103,107)	(46,232)
Proceeds from SBA note payable	<u>454,800</u>	<u>454,800</u>
Net Cash Provided (Used) for Financing Activities	<u>(103,107)</u>	<u>408,568</u>
Net Increase in Cash	66,841	220,420
Cash, beginning of year	<u>459,782</u>	<u>239,362</u>
Cash, ending of year	<u>\$ 526,623</u>	<u>\$ 459,782</u>
Supplemental Disclosure of Non-cash Transactions:		
Unrealized gains (losses) on investments	\$ 173,424	\$ (3,740)
SBA Paycheck Protection Program loan forgiveness	454,800	
Forgiveness of debt		7,000
In-kind donations received		28,500
In-kind expenses		(28,500)
	<u>\$ 628,224</u>	<u>\$ 3,260</u>

See notes to financial statements

**NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

NAMI New Hampshire (National Alliance on Mental Illness) was founded as a nonprofit corporation in 1982 and is committed to improving the lives of all people affected by mental illness and suicide through support, education and advocacy. As a grassroots coalition of people living with mental illness and their families, NAMI NH has over 35 years of service to Granite State children, transition age youth, adults, and seniors, offering statewide activities which provide education/training and support to individuals, families and communities. The organization also promotes and provides advocacy and empowerment at the individual/family level as well as at the systems level by offering members, volunteers, and stakeholders training and graduated opportunities to build confidence in advocacy and leadership skills. Last year, NAMI NH provided support, education and advocacy to over 15,000 individuals. The financial support for these programs and activities comes from a variety of sources that include governmental and private foundation grants, contract services, donations, and membership dues.

We envision a future where people affected by mental illness have hope, help, and health, and are able to:

- Access the supports and evidence-based treatment necessary for recovery;
- Have a lifespan that is not cut short by suicide or co-occurring conditions; and
- Reach their full potential, living in their communities free from discrimination.

Accounting Policies

The accounting policies of NAMI New Hampshire conform to accounting principles generally accepted in the United States of America as applicable to non-profit entities except as indicated hereafter. The following is a summary of significant accounting policies.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The financial statements have been prepared in accordance with the reporting pronouncements pertaining to Not-for-Profit Entities included within the FASB Accounting Standards Codification. The Entity is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are

NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Recognition of Donor Restrictions

Contributions are recognized when the donor makes a promise to give to the Entity that is, in substance, unconditional. The Entity reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Services, Materials and Facilities

NAMI New Hampshire receives significant volunteer time and efforts. The value of these volunteer efforts, while critical to the success of its mission, are not reflected in the financial statements because the accounting criteria for recognition of such volunteer efforts have not been satisfied.

Donated goods and professional services are recorded as both revenues and expenses at their estimated fair value. The Entity received donated supplies and professional services in support of fundraising activities totaling -\$0- and \$28,500 during the years ending June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited. Salaries, employee benefits, payroll taxes, accounting, audit fees, legal fees, occupancy, maintenance, depreciation, equipment rental, equipment maintenance, telephone, and insurance are distributed based on a cost allocation process. Expenses are initially charged to each program or supporting function based on time and effort. Expenses associated with management and general are then allocated among the program and supporting services based on one of two criteria. The first criteria used is to allocate indirect costs based on the indirect cost rate established by the grantor. If there is no indirect rate specified, the overhead rate as it appears on the IRS form 990 of the preceding year will be used.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and equivalents consists of demand deposits, cash on hand and all highly liquid investments with an original maturity of 90 days or less.

NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

Investments

Investments, which consist principally of money market accounts, mutual funds, and exchange traded funds, are carried at their market value at June 30, 2021 and June 30, 2020. Investments reported as non-current represent amounts designated by the Board as held for an operating reserve. Unrealized gains and losses on investments are reflected in the statements of activities.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment is recorded at fair value determined as of the date of the donation. The Entity's policy is to capitalize expenditures for major improvements with a cost in excess of \$1,000 and to charge to operations currently for expenditures which do not extend the lives of related assets in the period incurred. Depreciation is computed using the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives as follows:

	<u>Years</u>
Building and improvements	39
Equipment	5
Furniture and fixtures	7-10

Depreciation expense was \$32,413 and \$32,043 for the years ended June 30, 2021 and 2020, respectively.

Compensated Absences

Full-time and part-time employees are entitled to paid vacation based on their length of employment. Employees are allowed to carry forward a maximum of 10 vacation days. Upon termination of employment, full-time employees will receive up to five days of accrued/unused vacation pay. Accrued vacation pay amounted to \$42,111 and \$40,839 as of June 30, 2021 and 2020, respectively.

Bad Debts

The Entity uses the reserve method for accounting for bad debts. An allowance for uncollected receivables of \$4,000 has been recorded as of June 30, 2021 and 2020.

Income Taxes

The Entity is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from State of New Hampshire income taxes and, therefore, has made no provision for Federal or State income taxes. In addition, the Entity has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509(a) of the Code. The Entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. FASB Accounting Standards Codification Topic 740 entitled *Accounting for Income Taxes* requires the Entity to report uncertain tax positions for financial reporting purposes. The Entity had no uncertain tax positions as of June 30, 2021 and, accordingly does not have any unrecognized tax benefits that need to be recognized or disclosed in the financial statements.

NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

Cash, accounts receivable, accounts payable and accrued expenses are carried in the financial statements at amounts which approximate fair value due to the inherently short-term nature of the transactions. The fair values determined for financial instruments are estimates, which for certain accounts may differ significantly from the amounts that could be realized upon immediate liquidation.

Revenue Recognition

The Entity recognizes contributions, donations, and other miscellaneous income when cash is received or based on donor restrictions as described above. Interest income is recognized monthly as accrued. The Entity recognizes revenue from contracts with customers in the form of training and consultation services provided to organizations and individuals. Revenue for training and consultation services are recognized at a point in time as services are rendered. Amounts recognized are based on amounts invoiced. Payment is due on presentation of invoice.

The Entity also has revenue derived from governmental contracts for counseling services provided to individuals. Revenue from governmental contracts is recognized when the Entity has met the performance requirements specified by contract provisions. For governmental contracts, services are invoiced on a monthly basis in arrears, however, a receivable may be recorded in advance of amounts invoiced if all other performance requirements have been satisfied. Payment is due on presentation of invoice.

Change in Accounting Principle

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs-Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The Entity adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. The new guidance was applied using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. Adoption of the new guidance resulted in changes to our accounting policies for revenue recognition, trade receivables, contract costs, contract liabilities, and deferred costs. However, management estimates that the effect of these changes on the amounts that would have been reported under the former guidance to be immaterial.

**NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020**

NOTE 2—LIQUIDITY AND AVAILABILITY

The Entity regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. Cash reserves in excess of daily operational needs are invested with the objective to provide a mix of income and growth, but overall to protect the organization’s accumulated wealth. Investments can be made in the following securities: certificate of deposits, money market mutual funds, exchange traded funds, and corporate bonds. Sources of liquidity include cash, investments, and accounts receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Entity considers all expenditures related to its ongoing programs and activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table reflects the Entity’s financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and other restrictions or internal board designations. Amounts not available include the internal board designated funds. In the event the need arises to utilize the board designated funds for liquidity purposes, the funds could be drawn upon by a vote of the Finance Committee.

Financial assets available for general expenditure, reduced by donor or other restrictions limiting their use, within one year of the financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 526,623	\$ 459,782
Investments	1,535,544	1,170,935
Accounts receivable, net	355,275	373,059
Grants receivable	<u>319,882</u>	<u>127,587</u>
Total Financial Assets	2,737,324	2,131,363
Less:		
Net assets with donor restrictions	(43,522)	-
Board designated funds	<u>(848,351)</u>	<u>(441,241)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,845,451</u>	<u>\$ 1,690,122</u>

NOTE 3—SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Entity maintains bank deposits at local financial institutions located in New Hampshire. The Entity’s cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to a total of \$250,000 at each financial institution. As of June 30, 2021 and 2020, the Entity had no uninsured cash balances.

NOTE 4—INVESTMENTS

Fair Value Measurements

The Entity reports under the Fair Value Measurements pronouncements of the FASB Accounting Standards Codification (FASB ASC 820), which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to

NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). 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 at the measurement date.

Level 2 - Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds, mutual funds, exchange traded funds, and equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit and corporate debt securities: Valued using a market approach valuation technique which incorporates third-party pricing services and other relevant observable information such as market interest rates, yield curves, prepayment risk and credit risk generated by market transactions involving identical or comparable assets or liabilities in valuing these types of investments.

The methods 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 Entity believes its valuation methods are 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.

The following tables set forth by level, within the fair value hierarchy, the Entity's assets measured at fair value as of June 30, 2021 and 2020:

NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

Assets at Fair Value as of June 30, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market mutual funds	\$ 726,765		\$ 726,765
Mutual funds	363,834		363,834
Exchange traded funds	428,031		428,031
Certificates of deposit		\$ 6,517	6,517
Corporate debt securities		10,397	10,397
Total assets at fair value	<u>\$ 1,518,630</u>	<u>\$ 16,914</u>	<u>\$ 1,535,544</u>

Assets at Fair Value as of June 30, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market mutual funds	\$ 704,245		\$ 704,245
Mutual funds	245,195		245,195
Exchange traded funds	196,024		196,024
Certificates of deposit		\$ 6,643	6,643
Corporate debt securities		18,828	18,828
Total assets at fair value	<u>\$ 1,145,464</u>	<u>\$ 25,471</u>	<u>\$ 1,170,935</u>

NOTE 5—SBA NOTE PAYABLE

During April 2020, the Organization obtained a note payable under the Paycheck Protection Program in the amount of \$454,800. During the year ended June 30, 2021, the Organization applied for and received principal forgiveness in whole by the Small Business Administration under the CARES Act. The debt forgiveness has been recognized as revenue and support on the statement of activities for the year ended June 30, 2021.

NOTE 6—MORTGAGE NOTES PAYABLE

At June 30, 2021 and 2020, the mortgage notes payable consist of the following:

	<u>2021</u>	<u>2020</u>
\$348,000 mortgage note payable, secured by property, payable in monthly installments of \$2,297 including interest through January 2026. The variable interest rate on the note is 5.0% through April 2022. Thereafter, the interest rate will change to equal the 5 year Federal Home Loan Bank of Boston amortizing rate plus 3.0%. The interest rate change will not occur more often than each five years. The balance of the note was paid in full during the year ended June 30, 2021.		\$ 91,834
\$348,000 mortgage note payable, secured by property, payable in monthly installments of \$2,364 including interest through March 2038. The variable interest rate on the note is 5.35% through March 2028. Thereafter, the interest rate will change to equal the Federal Home Loan Bank 10/20 amortizing advance rate plus 3.0%, and remain at that rate for the duration of the loan.	\$ 313,459	324,732

NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

\$140,000 mortgage note payable to the City of Concord, New Hampshire is non-interest bearing and is secured by the property. The Entity is a subrecipient of Community Development Block Grant funds which were used to create an ADA compliant community education space. Repayment of the funds will be required in the event of noncompliance with the grant. The note will be forgiven over a period of 20 years through December 31, 2034.

105,000	105,000
<u>\$ 418,459</u>	<u>\$ 521,566</u>

Under the terms of the mortgage note payable for the property located at 87 North State Street, Concord New Hampshire, with a balance outstanding as of June 30, 2021 of \$313,459, the Entity must maintain a loan to value ratio of less than 80%. Additionally, the Entity must demonstrate a debt service coverage ratio of at least 1.00. As of June 30, 2021, the Entity was in compliance with the debt requirements.

Following are the maturities of the mortgage notes payable as of June 30, 2021:

Year Ending <u>June 30,</u>	<u>Amount</u>
2022	\$ 11,853
2023	12,504
2024	13,149
2025	13,914
2026	14,679
Thereafter	352,360
	<u>\$ 418,459</u>

NOTE 7—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following purpose restricted funding at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Nashua IDN3	<u>\$ 43,522</u>	<u>\$ -</u>

NOTE 8—BOARD DESIGNATED NET ASSETS

Board designated net assets consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Contingency fund	\$ 698,351	\$ 369,237
Fixed Asset fund	100,000	60,000
Special Opportunity fund	50,000	12,004
	<u>\$ 848,351</u>	<u>\$ 441,241</u>

NAMI NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2021 and 2020

NOTE 9—REVENUE FROM CONTRACTS WITH CUSTOMERS

The Entity has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Entity’s financial reporting.

The following tables provide information about balances of receivables, contract assets, and contract liabilities associated with contracts with customers for the years ended June 30, 2021 and 2020:

	<u>Receivables</u>	Contract <u>Assets</u>	Contract <u>Liabilities</u>
June 30, 2021	\$ 355,275	\$ -	\$ -
June 30, 2020	\$ 373,059	\$ -	\$ -
July 1, 2019	\$ 231,970	\$ -	\$ -

NOTE 10—CONCENTRATION OF REVENUE RISK

The Entity’s primary source of revenues is fees and grants received from the State of New Hampshire and directly from the federal government. During the years ended June 30, 2021 and 2020, the Entity recognized revenue of \$2,588,944 (49%) and \$2,152,786 (58%), respectively, from fees and grants from governmental agencies. Revenue is recognized as earned under the terms of the grant contracts and is received on a cost reimbursement basis. Other support originates from training services, contributions, in-kind donations, and other income.

NOTE 11—PENSION PLAN

The Entity has a deferred compensation pension plan under Section 403(b) of the Internal Revenue Code. Under the terms of the plan, employee contributions are made through a salary reduction plan. During the years ending June 30, 2021 and 2020, the Entity’s contribution to the plan was equal to 2.0% of each eligible employee’s annual salary. The Entity contributed \$24,679 and \$22,250 for the years ended June 30, 2021 and 2020, respectively.

NOTE 12—CONTINGENCIES

The Entity participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of additional expenses which may be disallowed by the granting agency cannot be determined at this time, although the Entity expects such amounts, if any, to be immaterial.

NOTE 13—SUBSEQUENT EVENTS

During September 2021, the Organization made additional principal payments of \$63,000 in advance of the scheduled payments due on the outstanding mortgage payable. The future payment schedules contained in these financial statements do not reflect the impact of those advance payments.

Subsequent events have been evaluated through May 31, 2022, which is the date the financial statements were available to be issued.

SCHEDULE I
NAMI New Hampshire
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Granting Agency/Recipient State Agency/Grant Program/State <u>Grant Number</u>	Assistance Listing <u>Number</u>	<u>Expenditures</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Received directly from U.S. Treasury Department		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	
#1H79SM082053-02		\$ 59,018
#1H79SM082053-03		22,773
#1H79SM082104-01		450,993
#1H79SM082104-02		220,638
#5H79SM081352-02		21,761
#5H79SM081352-03		<u>82,455</u>
		<u>857,638</u>
 Pass Through Payments from the New Hampshire		
Department of Education		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	
#5H79SM063393-02		<u>26,491</u>
 Pass Through Payments from the City of Manchester,		
New Hampshire		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	
#1H79SM082210-01		<u>173,182</u>
		<u>1,057,311</u>
 Pass Through Payments from the New Hampshire Department		
of Corrections		
Block Grants for Community Mental Health Services	93.958	
#49053316		<u>57,043</u>
 Total Department of Health and Human Services		 <u>1,114,354</u>
 Total Expenditures of Federal Awards		 <u>\$ 1,114,354</u>

See notes to schedule of expenditures of federal awards

NAMI NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

NOTE 1—BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of NAMI New Hampshire under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of NAMI New Hampshire, it is not intended to and does not present the financial position, changes in net assets, or cash flows of NAMI New Hampshire.

NOTE 2— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to NAMI New Hampshire’s 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 reimbursements.

NOTE 3—INDIRECT COST RATE

NAMI New Hampshire has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4—RELATIONSHIP TO FINANCIAL STATEMENTS

The recognition of expenditures of federal awards has been reported in the NAMI New Hampshire’s financial statements as program services and management and general expenses, as applicable.

**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***

Independent Auditor's Report

To the Board of Directors
NAMI New Hampshire

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 Hampshire (a nonprofit entity), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, 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 May 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NAMI New Hampshire'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 NAMI New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of NAMI New Hampshire'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 New Hampshire'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*.

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.

Vachon Clukay & Company PC

Manchester, New Hampshire
May 31, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
NAMI New Hampshire

Report on Compliance for Each Major Federal Program

We have audited NAMI New Hampshire's 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 New Hampshire's major federal programs for the year ended June 30, 2021. NAMI New Hampshire'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NAMI New Hampshire'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 Hampshire'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 New Hampshire's compliance.

Opinion on Each Major Federal Program

In our opinion, NAMI New Hampshire 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, 2021.

Report on Internal Control Over Compliance

Management of NAMI New Hampshire 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 New Hampshire'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 New Hampshire'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.

Vashon Clukay & Company PC

Manchester, New Hampshire
May 21, 2022

**NAMI New Hampshire
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported

Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	_____ <u>X</u> no
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Identification of major federal program(s):

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	_____ yes	_____ <u>X</u> no
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Section II--Financial Statement Findings

There were no findings relating to the financial statements required to be reported by GAGAS.

Section III--Federal Award Findings and Questioned Costs

There were no findings and questioned costs as defined under 2 CFR 200.516(a).