



HEROUX & COMPANY, LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Officers and Directors
NAMI North Carolina, Inc.
Raleigh, North Carolina

We have audited the statement of financial position of NAMI North Carolina, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI North Carolina, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Heroux & Company, LLP

September 17, 2008

NAMI NORTH CAROLINA, INC.
Raleigh, North Carolina
STATEMENT OF FINANCIAL POSITION
June 30, 2008

ASSETS

CURRENT ASSETS:

Cash	\$	75,684	
Investments, at market		154,021	
Promises to give		9,378	
Accounts receivable		86,975	
Prepaid expenses		<u>6,226</u>	
Total Current Assets			\$ 332,284

PROPERTIES AND EQUIPMENT:

Office condominium	\$	242,630	
Furniture and equipment		20,830	
Less: Accumulated depreciation		<u>(96,516)</u>	
Net Properties and Equipment			166,944

OTHER ASSETS:

Investments, at market			<u>78,084</u>
			<u>\$ 577,312</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	31,181	
Credit card		1,473	
Payroll withholdings		2,040	
Accrued vacation pay		8,560	
Deferred revenue		3,000	
Notes payable		<u>48,473</u>	
Total Current Liabilities			\$ 94,727

NET ASSETS:

Unrestricted:			
Undesignated	\$	329,113	
Board designated		40,242	
Temporarily restricted		42,771	
Permanently restricted		<u>70,459</u>	
Total Net Assets			<u>482,585</u>
			<u>\$ 577,312</u>

The Notes to Financial Statements are an integral part of this statement.

NAMI NORTH CAROLINA, INC.
Raleigh, North Carolina
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT:				
Contributions	\$ 115,490	\$ 6,396	\$ 933	\$ 122,819
Membership	15,843	-	-	15,843
Government contracts	341,538	-	-	341,538
Grants	7,500	1,508	-	9,008
Special events	97,015	-	-	97,015
Combined campaigns	7,352	-	-	7,352
	<u>\$ 584,738</u>	<u>\$ 7,904</u>	<u>\$ 933</u>	<u>\$ 593,575</u>
OTHER REVENUE:				
Conference fees	\$ 11,736	\$ -	\$ -	\$ 11,736
Sales of education materials	683	-	-	683
Investment Income (net of investment expenses of \$250)	9,085	-	2,127	11,212
Net realized and unrealized gain (loss) on investments	(5,879)	(958)	(5,958)	(12,795)
Other income	3,706	-	-	3,706
	<u>\$ 19,331</u>	<u>\$ (958)</u>	<u>\$ (3,831)</u>	<u>\$ 14,542</u>
 Total Public Support and Other Revenue	 \$ 604,069	 \$ 6,946	 \$ (2,898)	 \$ 608,117
 Net assets released from restrictions:				
Satisfaction of program restrictions	<u>71,785</u>	<u>(71,785)</u>	<u>-</u>	<u>-</u>
 Total Revenues, Gains, and Other Support	 <u>\$ 675,854</u>	 <u>\$ (64,839)</u>	 <u>\$ (2,898)</u>	 <u>\$ 608,117</u>
EXPENSES:				
Program	\$ 519,484	\$ -	\$ -	\$ 519,484
General and administrative	102,699	-	-	102,699
Fundraising	32,365	-	-	32,365
	<u>\$ 654,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,548</u>
 CHANGE IN NET ASSETS	 \$ 21,306	 \$ (64,839)	 \$ (2,898)	 \$ (46,431)
 NET ASSETS - BEGINNING	 <u>348,049</u>	 <u>107,610</u>	 <u>73,357</u>	 <u>529,016</u>
 NET ASSETS - ENDING	 <u>\$ 369,355</u>	 <u>\$ 42,771</u>	 <u>\$ 70,459</u>	 <u>\$ 482,585</u>

The Notes to Financial statements are an integral part of this statement.

NAMI NORTH CAROLINA, INC.

Raleigh, North Carolina

STATEMENT OF CASH FLOWS

Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (46,431)
Adjustments to reconcile change in net assets provided by (used in) operating activities:	
Depreciation	11,571
Loss on disposal of assets	1,063
Unrealized losses on investments	12,795
Changes in assets and liabilities:	
Promises to give	(3,895)
Accounts receivable	(62,888)
Prepaid expenses	(3,462)
Accounts payable and accrued expenses	16,304
Deferred revenue	<u>3,000</u>
Net Cash Used In Operating Activities	<u>\$ (71,943)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of furniture and equipment	\$ (1,772)
Purchase of investments	(18,958)
Proceeds from the sale of investments	<u>2,154</u>
Net Cash Used In Investing Activities	<u>\$ (18,576)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on mortgage	<u>\$ (8,491)</u>
Net Cash Used In Investing Activities	<u>\$ (8,491)</u>

INCREASE IN CASH	\$ (99,010)
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CASH AT THE BEGINNING OF THE YEAR	<u>174,694</u>
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CASH AT THE END OF THE YEAR	<u><u>\$ 75,684</u></u>
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Supplemental information:

Cash paid for interest	<u><u>\$ 2,970</u></u>
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