

National Association for Behavioral Healthcare and Affiliates

Audited Consolidated Financial Statements and Supplementary Information

*Years ended December 31, 2021 and 2020
with Report of Independent Auditors*

National Association for Behavioral Healthcare and Affiliates

Audited Consolidated Financial Statements
and Supplementary Information

Years ended December 31, 2021 and 2020

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Report of Independent Auditors

Board of Trustees

National Association for Behavioral Healthcare and Affiliates

Opinion

We have audited the consolidated financial statements of National Association for Behavioral Healthcare and Affiliates (collectively, "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position as of December 31, 2021 and 2020, and the consolidating schedules of activities, for the years then ended, are presented on pages 17 - 18 for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Vienna, Virginia
March 29, 2022

National Association for Behavioral Healthcare and Affiliates

Consolidated Statements of Financial Position

As of December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents, including balances restricted in support of letter of credit of \$15,000 in 2021 and 2020	\$ 1,583,888	\$ 871,303
Investments	3,415,667	3,136,399
Prepaid expenses	130,824	276,481
Deferred compensation investments	284,555	324,451
Fixed assets, net	132,326	233,361
Total assets	<u>\$ 5,547,260</u>	<u>\$ 4,841,995</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 605,907	\$ 552,492
Deferred revenue	-	83,750
Deferred rent	130,161	140,324
Deferred compensation	284,555	324,451
Total liabilities	1,020,623	1,101,017
Net assets:		
Net assets without donor restrictions	4,430,835	3,669,161
Net assets with donor restrictions	95,802	71,817
Total net assets	<u>4,526,637</u>	<u>3,740,978</u>
Total liabilities and net assets	<u>\$ 5,547,260</u>	<u>\$ 4,841,995</u>

See accompanying notes to the consolidated financial statements.

National Association for Behavioral Healthcare and Affiliates

Consolidated Statements of Activities

Years ended December 31, 2021 and 2020

	2021	2020
Change in net assets without donor restrictions		
Revenue:		
Membership dues	\$ 3,973,336	\$ 3,773,294
Annual Meeting	439,686	29,711
Investment income, net	65,965	97,049
Publications	2,041	1,244
AHA consultants	-	10,000
	<u>4,481,028</u>	<u>3,911,298</u>
Net assets released from restrictions	<u>5,341</u>	<u>17,284</u>
Total support and revenue without donor restrictions	<u>4,486,369</u>	<u>3,928,582</u>
Expenses:		
Program services:		
Legislative	1,039,742	808,114
Regulatory	672,417	782,155
Communications	760,218	733,172
Policy	418,476	411,950
Annual Meeting	520,171	211,901
Political Action Committee	165,412	167,877
Membership Services	<u>86,953</u>	<u>75,296</u>
Total program services	<u>3,663,389</u>	<u>3,190,465</u>
Supporting services:		
Management and General	217,300	192,361
Membership Development	<u>86,953</u>	<u>75,297</u>
Total supporting services	<u>304,253</u>	<u>267,658</u>
Total expenses	<u>3,967,642</u>	<u>3,458,123</u>
Change in net assets without donor restrictions before change in fair value of investments	518,727	470,459
Change in fair value of investments	<u>245,672</u>	<u>108,756</u>
Change in net assets without donor restrictions	<u>764,399</u>	<u>579,215</u>
Change in net assets with donor restrictions		
Investment income, net	151	103
Contributions	26,450	24,629
Net assets released from restrictions	<u>(5,341)</u>	<u>(17,284)</u>
Change in net assets with donor restrictions	<u>21,260</u>	<u>7,448</u>
Change in net assets	785,659	586,663
Net assets, beginning of year	<u>3,740,978</u>	<u>3,154,315</u>
Net assets, end of year	<u>\$ 4,526,637</u>	<u>\$ 3,740,978</u>

See accompanying notes to the consolidated financial statements.

National Association for Behavioral Healthcare and Affiliates

Consolidated Statements of Functional Expenses

Years ended December 31, 2021 and 2020

	Program Services								Supporting Services			2021 Total Functional Expenses
	Legislative	Regulatory	Communications	Policy	Annual Meeting	Political Action Committee	Membership Services	Total	Management and General	Membership Development	Total	
Salaries and Benefits	\$ 793,295	\$ 528,863	\$ 528,863	\$ 264,432	\$ 132,216	\$ 132,216	\$ 66,108	\$ 2,445,993	\$ 132,216	\$ 66,108	\$ 198,324	\$ 2,644,317
Office and Depreciation	98,964	65,976	65,976	32,988	16,494	16,494	8,247	305,139	16,494	8,247	24,741	329,880
Accounting, HR and Legal	40,699	27,132	27,132	13,566	6,783	6,783	3,392	125,487	50,174	3,392	53,566	179,053
Printing, Production and Postage	509	339	109,374	170	88,309	85	42	198,828	85	42	127	198,955
Consultants	66,289	17,526	17,526	101,649	4,381	4,381	2,191	213,943	4,381	2,191	6,572	220,515
Meeting and Travel	23,361	25,072	3,838	1,919	230,969	959	480	286,598	959	480	1,439	288,037
Contributions, Dues and Subscriptions	7,962	1,734	1,734	864	39,575	3,275	5,771	60,915	11,547	5,771	17,318	78,233
Other	8,663	5,775	5,775	2,888	1,444	1,219	722	26,486	1,444	722	2,166	28,652
Total	<u>\$ 1,039,742</u>	<u>\$ 672,417</u>	<u>\$ 760,218</u>	<u>\$ 418,476</u>	<u>\$ 520,171</u>	<u>\$ 165,412</u>	<u>\$ 86,953</u>	<u>\$ 3,663,389</u>	<u>\$ 217,300</u>	<u>\$ 86,953</u>	<u>\$ 304,253</u>	<u>\$ 3,967,642</u>

	Program Services								Supporting Services			2020 Total Functional Expenses
	Legislative	Regulatory	Communications	Policy	Annual Meeting	Political Action Committee	Membership Services	Total	Management and General	Membership Development	Total	
Salaries and Benefits	\$ 570,706	\$ 570,706	\$ 456,565	\$ 228,282	\$ 114,141	\$ 114,141	\$ 57,071	\$ 2,111,612	\$ 114,141	\$ 57,071	\$ 171,212	\$ 2,282,824
Office and Depreciation	88,224	88,224	70,579	35,290	17,645	17,645	8,822	326,429	17,645	8,822	26,467	352,896
Accounting, HR and Legal	31,865	31,865	25,492	12,746	6,373	6,373	3,187	117,901	48,591	3,187	51,778	169,679
Printing, Production and Postage	9,992	9,992	138,793	3,997	56,824	1,998	999	222,595	1,998	999	2,997	225,592
Consultants	73,221	22,261	17,809	119,668	4,452	4,452	2,226	244,089	4,452	2,226	6,678	250,767
Meeting and Travel	13,476	42,076	10,310	5,155	9,060	2,578	1,289	83,944	2,578	1,289	3,867	87,811
Contributions, Dues and Subscriptions	5,419	5,419	4,335	2,168	1,084	16,084	542	35,051	1,084	542	1,626	36,677
Other	15,211	11,612	9,289	4,644	2,322	4,606	1,160	48,844	1,872	1,161	3,033	51,877
Total	<u>\$ 808,114</u>	<u>\$ 782,155</u>	<u>\$ 733,172</u>	<u>\$ 411,950</u>	<u>\$ 211,901</u>	<u>\$ 167,877</u>	<u>\$ 75,296</u>	<u>\$ 3,190,465</u>	<u>\$ 192,361</u>	<u>\$ 75,297</u>	<u>\$ 267,658</u>	<u>\$ 3,458,123</u>

See accompanying notes to the consolidated financial statements.

National Association for Behavioral Healthcare and Affiliates

Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 785,659	\$ 586,663
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	134,079	162,897
Change in fair value of investments	(245,672)	(108,756)
Dues receivable	-	59,750
Prepaid expenses	145,657	(205,200)
Accounts payable and accrued expenses	53,415	(206,973)
Deferred revenue	(83,750)	(1,587,391)
Deferred rent	(10,163)	86,950
Deferred compensation liability	(39,896)	60,923
Net cash provided by (used in) operating activities	739,329	(1,151,137)
Cash flows from investing activities		
Purchases of fixed assets	(33,044)	(96,940)
Purchases of investments	(321,037)	(837,346)
Sales and maturities of investments	327,337	714,704
Net cash used in investing activities	(26,744)	(219,582)
Net change in cash and cash equivalents	712,585	(1,370,719)
Cash and cash equivalents, beginning of year	871,303	2,242,022
Cash and cash equivalents, end of year	<u>\$ 1,583,888</u>	<u>\$ 871,303</u>

See accompanying notes to the consolidated financial statements.

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements

Years ended December 31, 2021 and 2020

Note A - Organization and Summary of Significant Accounting Policies

Organization

The National Association for Behavioral Healthcare and Affiliates (NABH), formerly known as the National Association of Psychiatric Health Systems, is a non-profit organization that advocates for behavioral health and represents provider systems that are committed to the delivery of responsive, accountable, and clinically effective prevention, treatment, and care for children, adolescents, adults, and older adults with mental and substance use disorders. The NABH Education and Research Foundation (Foundation) is a non-profit organization that engages in the critical debates that affect behavioral health. Outcomes, the prospective payment system, consumer advocacy, quality assurance, ethics and public attitudes about mental illnesses are just some of the key challenges that the Foundation has and/or plans to address through hands-on research, conferences, and nationally distributed publications. The NABH Political Action Committee (PAC) is a non-partisan committee designed to help behavioral healthcare providers deliver high-quality behavioral health services through legislation. NABH fulfills its mission by focusing its efforts in the following program areas:

Legislative: NABH supports behavioral healthcare legislation and works with members of congress to help them pass bills to improve access, coverage and fair payment.

Regulatory: Federal agencies periodically issue regulations that impact the behavioral healthcare industry and NABH writes comments to these agencies representing our views on these regulations. NABH's goal is to support a balanced approach to regulatory requirements so that patients have access to care but providers are able to deliver that care in a cost efficient, high quality manner.

Communications: This program area focuses on getting the behavioral healthcare industry's message out to Capitol Hill, federal agencies, media, and other stakeholders. NABH also regularly communicates to the NABH membership on activities and legislative and regulatory initiatives impacting the industry.

Policy: The NABH team conducts research and analyzes issues related to behavioral healthcare to help inform the advocacy positions we take on regulations and legislation. Policy development is also used to help establish new advocacy initiatives for NABH, which can be promoted through legislative and/ or regulatory strategies.

Membership: Membership focuses on behavioral healthcare advocacy that achieves results. Members include top decision-makers and senior executives within the behavioral healthcare systems in order to develop and lead behavioral healthcare coalitions. Membership dues are used to commit money and resources to advocacy and operate an effective political action committee, as well as to invest in studies and analyses needed to win advocacy issues.

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note A - Organization and Summary of Significant Accounting Policies (Continued)

Organization (continued)

Annual Meeting: NABH holds an annual conference for its members to update the members on the latest trends in the industry. The conference is also an opportunity for members to network with each other. The NABH team works with its Program Committee to develop the agenda for the meeting, invite speakers, and handle all various logistics related to holding an Annual Meeting.

Political Action Committee (PAC): NABH has a PAC, which contributes to congressional candidates that support our industry priorities. As part of this process, the NABH team solicits contributions from membership to support the PAC activities. The NABH team also handles the numerous administrative activities that are required as part of the federal requirements to operate a PAC.

Management and General: This function provides oversight of all of the day to day operations of NABH.

Membership Development: The membership program focuses on retention and recruitment of new members. Some key functions of membership include maintaining and updating the membership data base, managing the Board of Trustees and the various NABH committees, recruiting new members through outreach initiatives, and ensuring that the membership is receiving all the services entitled to them through membership in the NABH.

Principles of Consolidation

The consolidated financial statements include the accounts of NABH, the Foundation, and the PAC (collectively, the Organization). There are material intercompany transactions between NABH and the Foundation. All activity is eliminated in consolidation.

Basis of Accounting

The Organization prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Measure of Operations

The consolidated statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to NABH's ongoing program services. Nonoperating activities is limited to the change in fair value from investments.

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note A - Organization and Summary of Significant Accounting Policies (Continued)

Income Tax Status

NABH is exempt from the payment of income taxes on its exempt activities under Section 501(c)(6) of the Internal Revenue Code (IRC). However, certain activity of NABH is subject to unrelated business income tax. The Foundation is exempt from payment of income taxes on its exempt activities under IRC Section 501(c)(3). The Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of IRC Section 509(a). The PAC is subject to income taxes on its interest income, less directly related costs and expenses, under IRC Section 527. Management has concluded that all three of the entities have properly maintained their respective tax status. Additionally, management has concluded that there are no uncertain tax positions as of December 31, 2021 and 2020.

Subsequent Events

The Organization has performed an evaluation of subsequent events through March 29, 2022, which is the date the consolidated financial statements were available to be issued and has considered any relevant matters in the preparation of the consolidated financial statements and footnotes.

COVID-19 Risks and Uncertainties

The ongoing COVID-19 coronavirus pandemic (COVID-19) continues to have a global impact creating uncertainty, volatility, and disruption across economies and financial markets. The Organization's operational and financial performance will depend on certain developments, including the duration and spread of COVID-19 and its impact on the Organization and its members, employees and vendors. As such, COVID-19 could have a material adverse effect on the Organization's financial position in the future including fair value of the Organization's investments and potential reduction in contributions or sponsorships. The ultimate duration and impact of the COVID-19 outbreak on the Organization's financial position cannot be reasonably estimated at this time.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

All money market accounts and highly liquid debt instruments purchased with a maturity of twelve months or less are considered cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits as prescribed by law. The Organization holds funds with financial institutions in excess of the FDIC insured amount; however, the Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

A letter of credit is established in favor of the Organization's office landlord to serve as a deposit for any damages incurred to the property at 900 17th Street, NW, Washington, DC.

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note A - Organization and Summary of Significant Accounting Policies (Continued)

Investments and Fair Value Measurements

U.S. GAAP establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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

Level 2 – Inputs to the valuation methodology 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 substantially the entire period, for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Investments are reported at fair value based on quoted market prices with the net change in fair value reported in the consolidated statements of activities. Net change in fair value consists of total realized and unrealized gains and losses, net from investments. Investment income, net consists of interest and dividends earned from cash, cash equivalents and investments and any material external or internal investment management expenses. Gains and losses arising from the sale, maturity and other dispositions are accounted for on a specific identification basis calculated as of the trade date.

Fixed Assets

Depreciable assets including furniture, computer software and equipment are recorded at cost and are depreciated over the estimated useful lives of the assets (3 to 5 years) using the straight line method. A capitalization threshold of \$1,000 was established for assets purchased, including leasehold improvements. Leasehold improvements are depreciated over the lease period.

Net Assets

In the accompanying consolidated financial statements, net assets and revenue have been classified based on the existence or absence of donor-imposed restrictions in accordance with U.S. GAAP for non-profit organizations. The classes of net assets and the changes therein are as follows:

- Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note A - Organization and Summary of Significant Accounting Policies (Continued)

Net Assets (continued)

- Net assets with donor restrictions - 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 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 released when a restriction is satisfied, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both.

Revenue Recognition

Membership dues: The Organization recognizes revenue from membership dues over the membership cycle, which is generally one year, during which time members have continuous access to NABH advocacy services for improving access to mental health and substance use disorder services. Members are also eligible to participate in NABH committees to help shape the associations' policy proposals. Amounts received in advance of a given membership period for membership dues are recorded as deferred revenue when received and recognized as revenue over the course of the applicable membership period. Membership dues are non-refundable.

Annual Meeting: The Organization holds an annual meeting during the year. The proceeds from registration and booth sales are recognized as revenue at the date of the meeting when goods or services are provided. Amounts received in advance for meetings are recorded as deferred revenue when received and recognized as revenue when the meeting takes place. Refunds for registration, less a \$50 cancellation fee, are permitted with a written notice five business days before the Annual Meeting. There are no refunds permitted within five days of the meeting.

Contributions: Contributions are recognized when the intent to give is received.

Functional Allocation of Expenses

The Organization's expenses have been reported on a functional basis. Accordingly, salaries and benefits, office and depreciation, accounting, HR and legal, printing, production and postage, consultants, meeting and travel, contributions, dues and subscriptions and other expenses have been allocated based upon an estimate of salaries and employee time spent on each program.

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note B - Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 1,255,301	\$ 766,705
Investments	3,415,667	3,136,399
	<u>\$ 4,670,968</u>	<u>\$ 3,903,104</u>

The Organization is not substantially supported by restricted contributions. Restricted contributions are maintained in separate segregated funds, and are not considered to be available for general expenditure. As part of the Organization's liquidity management, the Organization has a policy to invest funds that are not anticipated to be needed for general expenditure within one year in long-term investments. Investments including mutual funds, common stocks, and bonds which are invested in a diversified portfolio with underlying holdings that have an asset mix that is approximately 65% equities and 35% fixed income. Although the Organization does not intend to use the long-term investments for general expenditure, they are unrestricted liquid assets that could be used, should the need arise, and therefore are included in the financial assets available for general expenditure. As deferred compensation investments are intended for the retirement benefit of employees, they are not included in the amounts shown above.

Note C - Investments and Fair Value Measurements

At December 31, the fair value measurements and classifications of investments are as follows:

	2021	2020	Level
Mutual funds and exchange traded funds	\$ 2,685,129	\$ 2,524,805	1
Common stocks	573,932	479,356	1
Government bonds	108,120	86,731	2
Corporate bonds	48,486	45,507	2
Total investments	<u>\$ 3,415,667</u>	<u>\$ 3,136,399</u>	

At December 31, the fair value measurements and classification of deferred compensation investments are as follows:

	2021	2020	Level
Deferred compensation investments:			
Mutual funds	\$ 49,728	\$ 101,243	1
Exchange traded products	228,181	214,722	1
Cash and cash equivalents	6,646	8,486	N/A
Total deferred compensation investments	<u>\$ 284,555</u>	<u>\$ 324,451</u>	

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note C - Investments and Fair Value Measurements (Continued)

Total return on investments consists of the following:

	2021	2020
Investment income, net	\$ 66,116	\$ 97,152
Unrealized gains, net	175,167	108,229
Realized gains, net	70,505	527
Change in fair value of investments, net	245,672	108,756
Total return on investments	<u>\$ 311,788</u>	<u>\$ 205,908</u>

Note D - Fixed Assets

Fixed assets, net consisted of the following at December 31:

	2021	2020
Furniture and fixtures	\$ 145,976	\$ 145,975
Computer software and equipment	935,276	902,234
Leasehold improvements	63,136	63,136
Total fixed assets	1,144,388	1,111,345
Accumulated depreciation	(1,012,062)	(877,984)
Total fixed assets, net	<u>\$ 132,326</u>	<u>\$ 233,361</u>

Note E - Deferred Compensation

NABH adopted a deferred compensation plan during 2010 under section 457(b) of the Internal Revenue Code (IRC). During 2017, NABH established a deferred compensation plan under 457(f) of the IRC. Eligible employees may choose to have compensation deferred by the amount equal to the maximum percentage allowable under the limits of Section 457 of the Code.

Employer contributions to these plans were \$0 and \$28,689 during the years ended December 31, 2021 and 2020, respectively. The deferred compensation investments and related liabilities on the consolidated statements of financial position at December 31, 2021 and 2020 for these plans reflect the combined deferred compensation plans mentioned above.

Note F - Net Assets With Donor Restrictions

Net assets with donor restrictions for the Organization was as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Specific Purpose - PAC	<u>\$ 95,802</u>	<u>\$ 71,817</u>

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note F - Net Assets With Donor Restrictions (Continued)

Net assets released from net assets with donor restrictions for the Organization are as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Specific Purpose - PAC	<u>\$ 5,341</u>	<u>\$ 17,284</u>

Note G - Retirement Plan

NABH sponsors a 401(k) profit sharing plan for eligible employees that allows for immediate employee eligibility. NABH also makes safe harbor matching contributions for eligible employees each year. Retirement plan expense totaled \$329,640 and \$164,958 for the years ended December 31, 2021 and 2020, respectively.

Note H - Operating Lease

NABH entered into a non-cancelable lease for office space at 900 17th Street, NW, Washington DC, on September 1, 2009. This lease is for 3,000 square feet of office space. In March 2019, NABH executed a new lease, which is effective on January 1, 2020 and expires on February 28, 2027. The lease provides for annual rate increases over the life of the lease and provided for certain allowances for leasehold improvements and rent abatements. U.S. GAAP requires recording rent expense, abatements and allowances on a straight-line basis over the term of the lease. The difference in accounting treatment between the accrual basis of accounting and the cash outlay requirements is reported as deferred rent in the consolidated statements of financial position.

Future minimum lease payments under this operating lease are as follows as of December 31, 2021:

2022	\$ 192,270
2023	197,070
2024	201,990
2025	207,060
2026	212,220
2027 and thereafter	<u>36,255</u>
Total	<u>\$ 1,046,865</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$179,726 and \$177,652, respectively.

National Association for Behavioral Healthcare and Affiliates

Notes to Consolidated Financial Statements (Continued)

Note I - Hotel Commitment

NABH has contracts with Mandarin Oriental for the annual meetings in 2022 through 2023. The contracts contain a clause whereby NABH is responsible for costs in the event of cancellation. The extent of these costs are dependent on the number of days the cancellation is made prior to the scheduled event. The potential liability for canceling the meeting contracts as of December 31, 2021 is approximately \$325,000. NABH believes it has sufficient assets to cover any potential losses and no liability that has been accrued as there are no losses that have been incurred as of December 31, 2021.

Note J - Concentration of Membership Dues

The Organization receives a significant portion of its membership dues from two members. For the years ended December 31, 2021 and 2020, combined dues from these members represented 41% and 43% of total membership dues for the Organization, respectively.

National Association for Behavioral Healthcare and Affiliates

Consolidating Schedules of Financial Position

December 31, 2021 and 2020

	2021					2020				
	NABH	Foundation	PAC	Elimination	Total	NABH	Foundation	PAC	Elimination	Total
Assets										
Cash and cash equivalents, including restricted cash balances	\$ 1,255,301	\$ 232,785	\$ 95,802	\$ -	\$ 1,583,888	\$ 766,705	\$ 32,781	\$ 71,817	\$ -	\$ 871,303
Investments	3,415,667	-	-	-	3,415,667	3,136,399	-	-	-	3,136,399
Prepaid expenses	130,824	-	-	-	130,824	276,481	-	-	-	276,481
Deferred compensation investments	284,555	-	-	-	284,555	324,451	-	-	-	324,451
Fixed assets, net	132,326	-	-	-	132,326	233,361	-	-	-	233,361
Total assets	<u>\$ 5,218,673</u>	<u>\$ 232,785</u>	<u>\$ 95,802</u>	<u>\$ -</u>	<u>\$ 5,547,260</u>	<u>\$ 4,737,397</u>	<u>\$ 32,781</u>	<u>\$ 71,817</u>	<u>\$ -</u>	<u>\$ 4,841,995</u>
Liabilities and Net Assets										
Liabilities:										
Accounts payable and accrued expense	\$ 605,907	\$ -	\$ -	\$ -	\$ 605,907	\$ 552,492	\$ -	\$ -	\$ -	\$ 552,492
Deferred revenue	-	-	-	-	-	83,750	-	-	-	83,750
Deferred rent	130,161	-	-	-	130,161	140,324	-	-	-	140,324
Deferred compensation	284,555	-	-	-	284,555	324,451	-	-	-	324,451
Total liabilities	1,020,623	-	-	-	1,020,623	1,101,017	-	-	-	1,101,017
Net assets:										
Net assets without donor restrictions	4,198,050	232,785	-	-	4,430,835	3,636,380	32,781	-	-	3,669,161
Net assets with donor restrictions	-	-	95,802	-	95,802	-	-	71,817	-	71,817
Total net assets	<u>4,198,050</u>	<u>232,785</u>	<u>95,802</u>	<u>-</u>	<u>4,526,637</u>	<u>3,636,380</u>	<u>32,781</u>	<u>71,817</u>	<u>-</u>	<u>3,740,978</u>
Total liabilities and net assets	<u>\$ 5,218,673</u>	<u>\$ 232,785</u>	<u>\$ 95,802</u>	<u>\$ -</u>	<u>\$ 5,547,260</u>	<u>\$ 4,737,397</u>	<u>\$ 32,781</u>	<u>\$ 71,817</u>	<u>\$ -</u>	<u>\$ 4,841,995</u>

National Association for Behavioral Healthcare and Affiliates

Consolidating Schedules of Activities

Years ended December 31, 2021 and 2020

	2021					2020				
	NABH	Foundation	PAC	Elimination	Total	NABH	Foundation	PAC	Elimination	Total
Changes in net assets without donor restrictions										
Revenue:										
Membership dues	\$ 3,973,336	\$ -	\$ -	\$ -	\$ 3,973,336	\$ 3,773,294	\$ -	\$ -	\$ -	\$ 3,773,294
Annual Meeting	439,686	-	-	-	439,686	29,711	-	-	-	29,711
Investment income, net	65,961	4	-	-	65,965	97,043	6	-	-	97,049
Publications	2,041	-	-	-	2,041	1,244	-	-	-	1,244
AHA consultants	-	-	-	-	-	10,000	-	-	-	10,000
Contributions	-	200,000	-	(200,000)	-	-	-	-	-	-
	<u>4,481,024</u>	<u>200,004</u>	<u>-</u>	<u>(200,000)</u>	<u>4,481,028</u>	<u>3,911,292</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>3,911,298</u>
Net assets released from restrictions	-	-	5,341	-	5,341	-	-	17,284	-	17,284
Total support and revenue without donor restrictions	<u>4,481,024</u>	<u>200,004</u>	<u>5,341</u>	<u>(200,000)</u>	<u>4,486,369</u>	<u>3,911,292</u>	<u>6</u>	<u>17,284</u>	<u>-</u>	<u>3,928,582</u>
Expenses:										
Program services:										
Legislative	1,106,409	-	-	(66,667)	1,039,742	808,114	-	-	-	808,114
Regulatory	716,861	-	-	(44,444)	672,417	782,155	-	-	-	782,155
Communications	804,662	-	-	(44,444)	760,218	733,172	-	-	-	733,172
Policy	440,699	-	-	(22,223)	418,476	411,950	-	-	-	411,950
Annual Meeting	531,282	-	-	(11,111)	520,171	211,901	-	-	-	211,901
Political Action Committee	173,907	-	5,341	(13,836)	165,412	150,593	-	17,284	-	167,877
Membership Services	86,953	-	-	-	86,953	75,296	-	-	-	75,296
Total program services	<u>3,860,773</u>	<u>-</u>	<u>5,341</u>	<u>(202,725)</u>	<u>3,663,389</u>	<u>3,173,181</u>	<u>-</u>	<u>17,284</u>	<u>-</u>	<u>3,190,465</u>
Supporting services:										
Management and General	217,300	-	-	-	217,300	192,361	-	-	-	192,361
Membership Development	86,953	-	-	-	86,953	75,297	-	-	-	75,297
Total supporting services	<u>304,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,253</u>	<u>267,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,658</u>
Total expenses	<u>4,165,026</u>	<u>-</u>	<u>5,341</u>	<u>(202,725)</u>	<u>3,967,642</u>	<u>3,440,839</u>	<u>-</u>	<u>17,284</u>	<u>-</u>	<u>3,458,123</u>
Change in net assets without donor restrictions before change in fair value of investments	315,998	200,004	-	2,725	518,727	470,453	6	-	-	470,459
Change in fair value of investments	<u>245,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,672</u>	<u>108,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,756</u>
Change in net assets without donor restrictions	<u>561,670</u>	<u>200,004</u>	<u>-</u>	<u>2,725</u>	<u>764,399</u>	<u>579,209</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>579,215</u>
Changes in net assets with donor restrictions										
Investment income, net	-	-	151	-	151	-	-	103	-	103
Contributions	-	-	26,450	-	26,450	-	-	24,629	-	24,629
Transfers from NABH	-	-	2,725	(2,725)	-	-	-	-	-	-
Net assets released from restrictions	-	-	(5,341)	-	(5,341)	-	-	(17,284)	-	(17,284)
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>23,985</u>	<u>(2,725)</u>	<u>21,260</u>	<u>-</u>	<u>-</u>	<u>7,448</u>	<u>-</u>	<u>7,448</u>
Change in net assets	561,670	200,004	23,985	-	785,659	579,209	6	7,448	-	586,663
Net assets, beginning of year	<u>3,636,380</u>	<u>32,781</u>	<u>71,817</u>	<u>-</u>	<u>3,740,978</u>	<u>3,057,171</u>	<u>32,775</u>	<u>64,369</u>	<u>-</u>	<u>3,154,315</u>
Net assets, end of year	<u>\$ 4,198,050</u>	<u>\$ 232,785</u>	<u>\$ 95,802</u>	<u>\$ -</u>	<u>\$ 4,526,637</u>	<u>\$ 3,636,380</u>	<u>\$ 32,781</u>	<u>\$ 71,817</u>	<u>\$ -</u>	<u>\$ 3,740,978</u>