

# National Association for Behavioral Healthcare and Affiliates

**National  
Association  
for Behavioral  
Healthcare**  
Access. Care. Recovery.



Audited Consolidated Financial Statements  
and Related Communications

*For the Years ended December 31, 2021 and 2020*

**National Association for Behavioral Healthcare and Affiliates**

Consolidated Financial Statements and Related Communications

For the Years ended December 31, 2021 and 2020

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TAB 1

# **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 with large loops and a long tail on the "L".

Vienna, Virginia  
March 29, 2022



National Association for Behavioral Healthcare and Affiliates

Consolidated Statements of Financial Position

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
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	<u>132,326</u>	<u>233,361</u>
Total assets	<u>\$ 5,547,260</u>	<u>\$ 4,841,995</u>
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 605,907	\$ 552,492
Deferred revenue	-	83,750
Deferred rent	130,161	140,324
Deferred compensation	<u>284,555</u>	<u>324,451</u>
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	<u>95,802</u>	<u>71,817</u>
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

	<u>2021</u>	<u>2020</u>
<b>Change in net assets without donor restrictions</b>		
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	5,341	17,284
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	86,953	75,296
Total program services	<u>3,663,389</u>	<u>3,190,465</u>
Supporting services:		
Management and General	217,300	192,361
Membership Development	86,953	75,297
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	245,672	108,756
Change in net assets without donor restrictions	<u>764,399</u>	<u>579,215</u>
<b>Change in net assets with donor restrictions</b>		
Investment income, net	151	103
Contributions	26,450	24,629
Net assets released from restrictions	(5,341)	(17,284)
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
<b>Total</b>	<b>\$ 1,039,742</b>	<b>\$ 672,417</b>	<b>\$ 760,218</b>	<b>\$ 418,476</b>	<b>\$ 520,171</b>	<b>\$ 165,412</b>	<b>\$ 86,953</b>	<b>\$ 3,663,389</b>	<b>\$ 217,300</b>	<b>\$ 86,953</b>	<b>\$ 304,253</b>	<b>\$ 3,967,642</b>

	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
<b>Total</b>	<b>\$ 808,114</b>	<b>\$ 782,155</b>	<b>\$ 733,172</b>	<b>\$ 411,950</b>	<b>\$ 211,901</b>	<b>\$ 167,877</b>	<b>\$ 75,296</b>	<b>\$ 3,190,465</b>	<b>\$ 192,361</b>	<b>\$ 75,297</b>	<b>\$ 267,658</b>	<b>\$ 3,458,123</b>

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

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
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	<u>(39,896)</u>	<u>60,923</u>
Net cash provided by (used in) operating activities	739,329	(1,151,137)
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	(33,044)	(96,940)
Purchases of investments	(321,037)	(837,346)
Sales and maturities of investments	<u>327,337</u>	<u>714,704</u>
Net cash used in investing activities	<u>(26,744)</u>	<u>(219,582)</u>
Net change in cash and cash equivalents	712,585	(1,370,719)
Cash and cash equivalents, beginning of year	<u>871,303</u>	<u>2,242,022</u>
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:

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

	<u>2021</u>	<u>2020</u>	<u>Level</u>
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	<u>48,486</u>	<u>45,507</u>	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:

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

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

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

	<u>2021</u>	<u>2020</u>
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:

	<u>2021</u>	<u>2020</u>
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
<b>Assets</b>										
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>
<b>Liabilities and Net Assets</b>										
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	<u>1,020,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020,623</u>	<u>1,101,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,101,017</u>
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
<b>Changes in net assets without donor restrictions</b>										
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	245,672	-	-	-	245,672	108,756	-	-	-	108,756
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>
<b>Changes in net assets with donor restrictions</b>										
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	3,636,380	32,781	71,817	-	3,740,978	3,057,171	32,775	64,369	-	3,154,315
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>

TAB 2





**Johnson Lambert**  
cpas + consultants

# National Association for Behavioral Healthcare

**Audit Results Presentation**  
**March 29, 2022**

# Agenda

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- + [Engagement Team Leadership](#)
- + [Audit Results](#)
- + [Board Communications](#)
- + [Upcoming Accounting Standards](#)
- + [Technical Resources](#)
- + [About Johnson Lambert](#)



# Engagement Team Leadership

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**Paul Preziotti, CPA**

Partner

703-842-1158

[Ppreziotti@JohnsonLambert.com](mailto:Ppreziotti@JohnsonLambert.com)



**Elise Graf, CPA**

Senior Manager

732-383-4366

[Egraf@JohnsonLambert.com](mailto:Egraf@JohnsonLambert.com)



+

# Audit Results

# Auditor's Responsibility Under GAAS

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- + Performing an audit in accordance with GAAS
- + Forming and expressing an opinion about whether the consolidated financial statements prepared by management with the oversight of those charged with governance are presented fairly in all material respects in conformity with GAAP
- + Communicating significant matters related to the consolidated financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process

The audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities



# 2021 Audit Results

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- + Issued unmodified (clean) audit opinion over GAAP consolidated financial statements
- + Issued accompanying letters:
  - + Internal Control Letter
    - We are not required (nor had we been engaged) to perform an audit of the Association's internal control over financial reporting
    - No material weaknesses in internal controls identified



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# Board Communications

# Significant Accounting Policies and Their Application

## **Management is responsible for the selection and use of appropriate accounting policies**

- + The Association has available alternative accounting policies from which to choose
- + Significant accounting policies are described in Note A
- + The accounting policies selected and applied are appropriate under the circumstances and consistent with those used by other similar organizations
- + No new accounting policies were adopted
- + There were no significant accounting policies that were initially selected or changed during the year
- + We noted no transactions entered into for which there is lack of authoritative guidance or consensus
- + We noted no significant transactions recognized in the consolidated financial statements in a different period than when the transaction occurred



# Significant Risks Identified

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We have identified the following significant risks that in our professional judgment require special audit consideration:

- + **Revenue recognition** – *presumed significant risk*
- + **Management override of controls** – *presumed significant risk*



# Management's Judgments & Sensitive Accounting Estimates

- + Accounting estimates are an integral part of the consolidated financial statements and are based upon management's current judgments and assumptions
- + Certain estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments
- + The consolidated financial statements contain the following significant estimates:
  - + Functional expense allocation (see further details on accompanying slides)



# Functional Allocation of Expenses

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The Association uses estimated time and effort as the basis for allocating overhead expenses by their functional classification. Management has determined that the following categories of expenses relate to more than one function and qualify for allocation:

- + 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

## **We performed a detailed review of the following:**

- + Gained an understanding of the allocation methodology adopted to allocate overhead expenses by functional classification
- + Obtained and tested the allocation worksheet for clerical accuracy

We gathered sufficient evidence and believe management's conclusion is reasonable in nature.



# Related Party Relationships and Transactions

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- + Significant related party transactions have **been appropriately identified, accounted for and disclosed** in Note J of the consolidated financial statements.



# Audit Adjustments and Uncorrected Misstatements

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- + No audit adjustments were recorded.
- + Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period consolidated financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the consolidated financial statements currently under audit.
- + We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.



# Observations About the Audit Process

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- + Management Representations
  - + Included as an exhibit to this presentation
- + Disagreements with Management
  - + None
- + Significant Difficulties Performing the Audit
  - + None
- + Significant Issues Discussed
  - + None
- + Management's Consultations with Other Accountants
  - + None



# Other Required Communications

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## **Significant Unusual Transactions**

Significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature.

+ We did not identify any significant unusual transactions.

## **Financial Statement Disclosures**

+ The consolidated financial statement disclosures are neutral, consistent and clear.

## **Independence**

+ We have complied with all relevant ethical requirements regarding independence.



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# Upcoming Accounting Standards



# Upcoming Accounting Standards – Leases (Topic 842)

- + Under the new model, lessees will classify a lease as finance or operating and record a right-of-use asset and lease liability for all leases with terms greater than 1 year
- + Lease model (finance or operating) impacts timing and classification of amortization and interest expense on income statement
- + Lease term is equal to the noncancelable portion of the lease plus/minus any option to extend or terminate the lease the lessee is reasonably certain to exercise
- + Complex with several options available at implementation
- + Amendments should be applied using the year of adoption or comparative presentation method
- + Johnson Lambert has developed a guide and a practice aid to support implementation of the standard, available upon request
- + Should management require more assistance than a walkthrough of the practice aid, a separate consulting fee will apply.



**Effective for:** Fiscal years beginning after 12.15.21. Early adoption is permitted.

# Upcoming Accounting Standards – Credit Losses (Topic 326)

- + The new current expected credit loss (CECL) model applies to financial assets measured at amortized cost (e.g. financing receivables, premium receivables, trade receivables, held-to-maturity debt securities, reinsurance recoverables, receivables that relate to repurchase and securities lending agreements), net investment in leases recognized for lessors and off-balance sheet credit exposures not accounted for as insurance, available-for-sale debt securities and beneficial interests in scope of ASC 325-40
- + Entities will establish an allowance for credit losses based on historical information, the current environment and future expectations over the contractual term of the instrument
- + Changes in the allowance are recorded through the income statement
- + Amendments should be applied using a modified retrospective approach by recording a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption
- + A guide for the implementation of the new CECL model will be available in fall 2022.



**Effective for:** Fiscal years beginning after 12.15.22. Early adoption is permitted.

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# Technical Resources

# Technical Resources

We are committed to leveraging our professional and industry leadership experience to provide regular communications regarding changes to accounting principles, industry-specific developments and the related financial reporting impacts relevant to your organization so that Management may make timely, informed decisions.



**Webinars:** Free interactive sessions addressing industry hot topics. Attendees receive CPE credits.

[JohnsonLambert.com/Webinars/](https://JohnsonLambert.com/Webinars/)



**OnDemand Learning:** The Johnson Lambert OnDemand Learning program is designed to educate on a range of basic to advanced insurance accounting topics & is available to everyone at your organization.

[OnDemandLearning.JohnsonLambert.com](https://OnDemandLearning.JohnsonLambert.com)



**Annual Report:** Overview of all firm projects, clients, industries, & people.

[JohnsonLambert.com/AnnualReport](https://JohnsonLambert.com/AnnualReport)



**Newsletter:** Join our mailing list for all the latest industry news, webinar invitations, & updates.

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# About Johnson Lambert



**Partners, Directors +  
Principals**

**180+**  
professionals  
firmwide



## Nationwide Presence



founded in  
**1986**

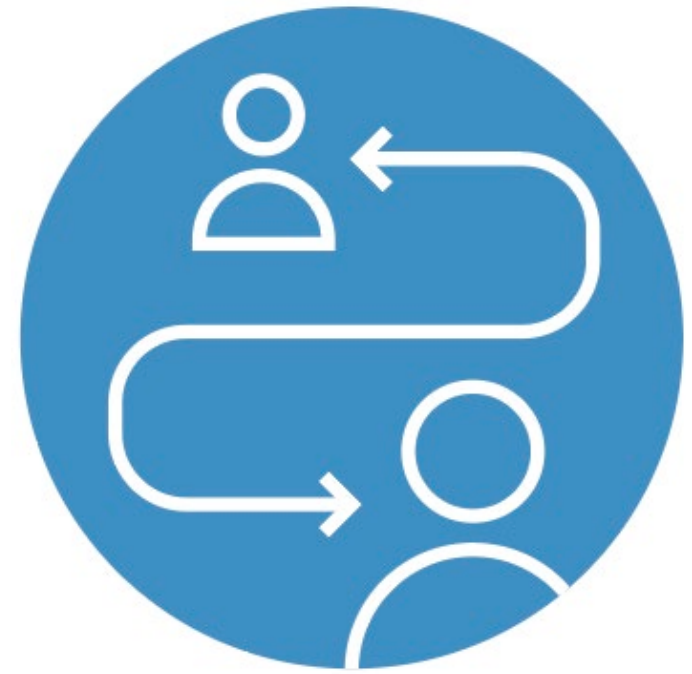


## Industry Involvement



# Johnson Lambert's Business Advisory Services

Internal Audit Services – Outsourcing, co-sourcing  
Cybersecurity Assessments – NYDFS or NAIC Data Security Model Law  
Risk Assessment and Gap Analysis  
System (Pre/Post) Implementation Reviews  
COSO Implementation  
Fraud Risk Assessment  
CFO Support Solutions  
IPO, SOX 404, MAR Readiness  
Mergers & Acquisitions  
Data Analytics – helping evaluate client data



**Thank you for the  
opportunity to serve your  
organization!**

## Restricted Use

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This communication is intended solely for the information and use of the Board of Directors and Management and is not intended and should not be used by anyone other than those specified parties.





# National Association for Behavioral Healthcare



Access. Care. Recovery.

March 29, 2022

Johnson Lambert LLP  
2650 Park Tower Drive, Suite 801  
Vienna, Virginia 22180

This representation letter is provided in connection with your audit of the consolidated financial statements and supplementary information of the 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 the financial statements, for the purpose of expressing an opinion on whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and for the presentation of the supplemental schedules in accordance with the applicable criteria.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

We confirm that, to the best of our knowledge and belief, as of the date of this letter, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 26, 2021, for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP and for the presentation of the supplemental schedules in accordance with the applicable criteria.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls and programs relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

900 17th Street, NW, Suite 420  
Washington, DC 20006-2507

**Phone:** 202.393.6700  
**Email:** [nabh@nabh.org](mailto:nabh@nabh.org)  
**Web:** [www.nabh.org](http://www.nabh.org)



3. We acknowledge our responsibility to ensure that the Organization's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts in the Organization's consolidated financial statements.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
6. All liabilities resulting from retirement obligations, deferred compensation agreements, and severance packages have been recorded in the consolidated financial statements and disclosed in the notes to the consolidated financial statements.
7. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. In regards to the fact that your firm's tax department provided certain tax services to us, we have:
  - a. Made all management decisions and performed all management functions;
  - b. Established and maintained appropriate internal controls;
  - c. Designated a competent employee, Shawn Coughlin, to evaluate and accept responsibility for the results of the tax services performed by your firm's tax department.
9. All events subsequent to the date of the consolidated financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole. We are not aware of any significant uncorrected misstatements.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.



13. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
14. Guarantees, whether written or oral, under which the Organization is contingently liable have been properly reported or disclosed in the consolidated financial statements.
15. Material concentrations known to management have been properly disclosed in accordance with GAAP. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
16. The methods and significant assumptions as disclosed in the consolidated financial statements were used to determine fair values of financial instruments and result in a measure of fair value appropriate for consolidated financial statement measurement and disclosure purposes. The categorization of the Organization's investments into the hierarchical levels as defined by ASC 820, Fair Value Measurements, is based on the lowest level of significant input to the securities' valuation.
17. In regards to the fact that your firm assisted us by drafting the consolidated financial statements and supplementary information, including appropriate disclosures required by U.S. GAAP, we have:
  - a. Made all management decisions and performed all management functions.
  - b. Designated an individual, Shawn Coughlin, who possesses suitable skill, knowledge or experience to oversee the services.
  - c. Evaluated the adequacy and results of the draft preparation by reviewing and accepting the consolidated financial statements as complete and accurate.
  - d. Accepted responsibility for the consolidated financial statements and supplementary information.
18. In regards to the supplemental information and/or required supplementary information, we:
  - a. Note the methods of measurement or presentation have not changed from those used in the prior period.
  - b. Have notified you of any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information; and
  - c. Agree that when the supplementary information is not presented with the audited consolidated financial statements, management will make the audited consolidated financial statements readily available to the intended users of the supplementary information and the auditor's report thereon.



19. The Organization has satisfactory title to all owned assets. We understand that it is our responsibility to report any liens, encumbrances and/or pledged assets in the Organization's consolidated financial statements. As of and for the years December 31, 2021 and 2020 we are not aware of any liens, encumbrances or pledged assets.
20. The Organization is an exempt organization under 501(c)(6) of the Internal Revenue Code. The NABH Educational and Research Foundation is an exempt organization under 501(c)(3) of the IRC. The NABH Political Action Committee is subject to income taxes on its interest income, less directly related costs and expenses, under IRC Section 527. We are not aware of any activities that would jeopardize the organization's tax exempt status and all activities subject to tax on unrelated business income or excise tax or other tax have been properly reported. All required filings with tax authorities are up to date. We have not been informed of any tax reviews by federal or state taxing authorities. There is no tax position considered to be uncertain if it was to undergo an inspection by the IRS or state authorities.
21. We have evaluated the impact to our operations and financial position of COVID-19 through the date of this letter. There are no known material impacts to our financial position, including impairment of assets, loss contingencies, or negative impacts on operations that have not previously been disclosed. The consolidated financial statements adequately disclose the risks and uncertainties as a result of COVID-19.

*Information Provided*

1. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements such as records, documentation and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence;
2. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
3. We have disclosed to you the results of our risk assessment as to how and where the consolidated financial statements may be materially misstated as a result of fraud.

# National Association for Behavioral Healthcare



Access. Care. Recovery.

4. We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others when the fraud could have a material effect on the consolidated financial statements
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Organization's consolidated financial statements communicated by employees, former employees, or others.
6. We are not aware of any undisclosed known instances of non-compliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing consolidated financial statements.
7. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting that could have a material effect on the consolidated financial statements.
8. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
9. Bill.com has not reported to us any fraud, noncompliance with laws and regulations, or uncorrected misstatements.
10. We have disclosed to you the identity of all the Organization's related parties and the nature of all the related party relationships and transactions of which we are aware.
11. We have provided you information concerning monetary related party transactions and amounts receivable or payable from related parties, including support for any assertion that a transaction with a related party was conducted on terms equivalent to those prevailing in an arms-length transaction. There are no significant related party transactions.

DocuSigned by:

*Shawn Coughlin*

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Shawn Coughlin  
President and CEO  
shawn@nabh.org

900 17th Street, NW, Suite 420  
Washington, DC 20006-2507

**Phone:** 202.393.6700  
**Email:** nabh@nabh.org  
**Web:** www.nabh.org

March 29, 2022

Johnson Lambert LLP  
2650 Park Tower Drive, Suite 801  
Vienna, VA 22180

Dear Mr. Preziotti,

This representation letter is provided in connection with your audit of the consolidated financial statements and supplementary information of the National Association for Behavioral Healthcare and Affiliates (collectively, the Organization) as of and for the years ended December 31, 2021 and 2020 for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the consolidated financial position as of December 31, 2021 and 2020, the activities, functional expenses and cash flows for the years then ended of the Organization in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and for the presentation of the supplemental schedules in accordance with the applicable criteria.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The consolidated financial statements and supplementary information referred to above are fairly presented in conformity with U.S. GAAP.
2. We have made available to you all financial records and related data.
3. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or

**Vault Consulting, LLC**

DC Metro: 8401 Greensboro Drive, Suite 500 | McLean, VA 22102  
Carolinas: 3540 Toringdon Way, Suite 200 | Charlotte, NC 28277

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- c. Others where the fraud could have a material effect on the consolidated financial statements and supplementary information.
4. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulators, or other.
5. The Organization is responsible for adopting sound accounting policies, establishing and maintaining a system of internal controls, and preventing and detecting fraud.
6. We are not aware of any material transactions that have not been properly recorded in the accounting records underlying the consolidated financial statements and supplementary information.
7. We are not aware of any uncorrected financial misstatements in the aforementioned consolidated financial statements and supplementary information as of the date of this letter.
8. To the best of our knowledge and belief, no events have occurred subsequent to the consolidated statement of financial position date that would require adjustment to, or disclosure in the aforementioned consolidated financial statements and supplementary information as of the date of this letter.

DocuSigned by:

*Jessica Bradshaw*

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Outsourced Accounting

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Carolinas: 3540 Toringdon Way, Suite 200 | Charlotte, NC 28277

[www.vaultconsulting.com](http://www.vaultconsulting.com)

Board of Trustees  
National Association for Behavioral Healthcare and Affiliates

In planning and performing our audit of the consolidated financial statements of National Association for Behavioral Healthcare and Affiliates (collectively, the "Organization") as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 were not identified.

This communication is intended solely for the information and use of the Board of Trustees, management, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.



Vienna, Virginia  
March 29, 2022