

National Association for Behavioral Healthcare

2019 Audit Required Communications

March 2, 2020

Board of Trustees
National Association for Behavioral Healthcare and Affiliates

We have audited the consolidated financial statements of National Association for Behavioral Healthcare and Affiliates (collectively, the Organization) as of and for the year ended December 31, 2019 and have issued our report thereon dated March 2, 2020.

The auditor is responsible for forming and expressing an opinion about whether the consolidated financial statements, that have been prepared by management with the oversight of those charged with governance, are presented fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America.

The auditor is also responsible for 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. Auditing standards generally accepted in the United States of America do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance.

In accordance with our professional standards we would like to share the following:

Significant Accounting Policies and Their Application

Management is responsible for the selection and use of appropriate accounting policies. As is the case with most organizations, the Organization has available alternative accounting principles from which to choose. The significant accounting policies followed by the Organization are described in Note A to the consolidated financial statements.

The accounting policies selected and applied by the Organization are appropriate under the circumstances and are consistent with those used by other similar organizations.

During 2019, management adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), and its subsequent related amendments, supersedes nearly all existing revenue recognition guidance in U.S. GAAP with the exception of certain industry specific guidance, including for contributions. The core principle of the new revenue recognition model is an entity should recognize revenue when it transfers promised goods or services to customers in an amount reflective of the consideration the entity expects to be entitled to in exchange for those goods or services. The guidance requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and to recognize assets from costs incurred to obtain or fulfill a contract. The guidance is effective as of and for the year ended 2019 and can be adopted using a full or modified retrospective approach. There was no change to ending net assets for the year ended December 31, 2019 as a result of the adoption of this standard.

Significant Accounting Policies and Their Application (Continued)

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting for Contributions Received and Contributions Made (topic 958). The core principle of ASU 2018-08 is to clarify when the transfer of an asset or the extinguishment of a liability (the transaction) meets the definition of an exchange transaction or a contribution. When the transaction is an exchange transaction, an entity must apply Topic 606, Revenue from Contracts with Customers or other applicable Topics. When the transaction is a contribution, the ASU clarifies when the contribution is conditional and when revenue should be recognized. The Organization has implemented ASU 2018-08 and has adjusted the presentation in the consolidated financial statements accordingly. The adoption of the ASU did not have an effect on the amounts reported in the consolidated financial statements.

The application of existing policies was not changed during the year ended December 31, 2019.

We noted no transactions entered into by the Organization during the year for which there is lack of authoritative guidance or consensus. We noted no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based upon management's current judgments.

The consolidated financial statements contain the following significant estimates:

- Allocation of salary and overhead expenses among program services and supporting services.

Related Party Relationships and Transactions

An objective of the audit is to obtain an understanding of such matters sufficient to be able to recognize fraud risk factors that are relevant to the identification and assessment of the risks of material misstatement due to fraud and conclude whether the consolidated financial statements, insofar as they are affected by those relationships and transactions, achieve fair presentation.

Another objective of the audit is to obtain sufficient appropriate audit evidence about whether related party relationships and transactions have been appropriately identified, accounted for and disclosed in the consolidated financial statements. There are no significant related party transactions.

Significant Difficulties Performing the Audit

No significant difficulties were encountered in performing the audit.

Management Representations and Uncorrected Misstatements

We have requested certain representations from management that are included in the management representation letter, which is included as an exhibit to this document.

We are not aware of any uncorrected misstatements.

Audit Adjustments

No audit adjustments were recorded.

Disagreements with Management, Including Matters Discussed and Resolved

We are required to report any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Organization's consolidated financial statements or the auditor's report.

There were no disagreements with management.

Management's Consultations with Other Accountants

We are aware of the consultation with Vault Consulting, LLC, outsourced accountants, who provide advice on routine accounting matters. We are responsible for discussing with those charged with governance our views about significant matters that were subject to the consultation. We do not consider the above an unusual service or one that suggests that management is pressuring us to accommodate a nonstandard accounting practice.

Significant Issues Discussed or Subject to Correspondence with Management

The following significant matters were discussed or subject to correspondence with management:

- Implementation of the new revenue recognition standards.

Financial Statements Included in an Organization-Prepared Document

We are not aware of any Organization prepared document that will contain the audited consolidated financial statements.

Independence

We are independent with respect to the Organization in accordance with the applicable independence rules.

This letter is intended solely for the information and use of the Board of Trustees and management and is not intended and should not be used by anyone other than those specified parties.

We appreciate the cooperation and courtesies extended to us by the Organization's personnel. Please do not hesitate to contact us if you would like clarification on these or any other matters.



Vienna, Virginia
March 2, 2020

National Association for Behavioral Healthcare

Access. Care. Recovery.



March 2, 2020

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

Attn: Paul 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 Health and Affiliates (collectively, "the Organization") as of and for the years ended December 31, 2019 and 2018 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, 2019 and 2018, 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 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 September 27, 2019, 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 and other financial information 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.
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. 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. 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.

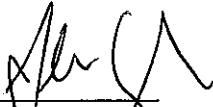
16. The methods and significant assumptions as disclosed in the consolidated financial statements were used to determine fair values of financial instruments and result in a measure of fair value appropriate for financial statement measurement and disclosure purposes. The categorization of the Organization's 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 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, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
20. The Organization is an exempt organization under 501(c)(6) of the Internal Revenue Code. 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. Given the limited impact on the users of the consolidated financial statements and overall immaterial activity of the NABH Education and Research Foundation, we believe the presentation of its activities as unrestricted is reasonable in nature.
22. We acknowledge that during 2019 we have entered into a new lease agreement for office space. Our position is that this represents a new lease, rather than a lease modification, which is effective January 1, 2020. Accordingly, the information provided related to deferred rent recorded in the consolidated statement of financial position as of December 31, 2019 is in accordance with U.S. GAAP.

23. We have complied with Federal Election Commission (FEC) requirements, including the limitations on maximum contributions from individuals and limitations imposed on maximum disbursements to campaigns.

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.
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 the 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 consolidated financial statements.
9. We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
10. 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.



Shawn Coughlin
President and CEO



Accounting. Analytics. Research.

March 2, 2020

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

Dear Mr. Preziotti,

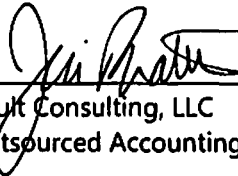
This representation letter is provided in connection with your audit of the consolidated financial statements and supplementary information of the National Association for Behavioral Healthcare and Affiliates (collectively, the Organization) as of and for the years ended December 31, 2019 and 2018 for 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, 2019 and 2018, 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
 - 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.



Vault Consulting, LLC
Outsourced Accounting