



*Treatment Advocacy Center*

Financial Statements  
and  
Independent Auditor's Report

June 30, 2025 and 2024



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## Table of Contents

Independent Auditor's Report.....1 - 2

### *Audited Financial Statements*

Statements of Financial Position.....3

Statements of Activities.....4 - 5

Statements of Functional Expenses.....6 - 7

Statements of Cash Flows.....8 - 9

Notes to the Financial Statements.....10 - 24

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## Independent Auditor's Report

To the Board of Directors  
Treatment Advocacy Center  
Arlington, Virginia

### ***Opinion***

We have audited the accompanying financial statements of Treatment Advocacy Center (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Treatment Advocacy Center as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Treatment Advocacy Center 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Treatment Advocacy Center's ability to continue as a going concern within one year after the date that the 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 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Treatment Advocacy Center'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Treatment Advocacy Center'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.

***Silich CPA LLC***

Alexandria, Virginia  
January 16, 2026

**Treatment Advocacy Center**  
**Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
Cash	\$ 319,315	\$ 512,411
Contributions receivable	-	185,504
Contracts receivable	30,334	24,975
Government grant receivable	93,539	80,492
Prepaid expenses	77,306	129,217
Property and equipment, net	128,098	167,510
Cash reserve, board-designated	500,000	500,000
Marketable investments, board-designated	1,656,878	1,377,739
Finance lease right-of-use asset	7,012	10,520
Operating lease right-of-use asset	69,958	48,564
 Total assets	 \$ 2,882,440	 \$ 3,036,932
 <b>Liabilities and Net Assets</b>		
Accounts payable	\$ 94,522	\$ 37,395
Accrued expenses	103,792	89,786
Deferred revenue	13,750	8,750
Finance lease liability	7,013	10,521
Operating lease liability	73,396	57,590
 Total liabilities	 292,473	 204,042
 Net assets:		
Without donor restrictions, undesignated	433,089	617,949
Without donor restrictions, board-designated	2,156,878	1,877,739
 Total without donor restrictions	2,589,967	2,495,688
With donor restrictions	-	337,202
 Total net assets	 2,589,967	 2,832,890
 Total liabilities and net assets	 \$ 2,882,440	 \$ 3,036,932

See accompanying notes to the financial statements.

**Treatment Advocacy Center**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Revenues:</b>			
Other contributions	\$ 2,349,450	\$ 59,495	\$ 2,408,945
Stanley Foundation contributions	600,000	-	600,000
Investment income, net	195,768	-	195,768
Contract revenue	89,015	-	89,015
In-kind contributions	982	-	982
Other income	78	-	78
Loss on disposal of fixed asset	(458)	-	(458)
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>396,697</u>	<u>(396,697)</u>	<u>-</u>
Total revenues	<u>3,631,532</u>	<u>(337,202)</u>	<u>3,294,330</u>
<b>Expenses:</b>			
<b>Program services:</b>			
Education and advocacy	<u>2,709,040</u>	<u>-</u>	<u>2,709,040</u>
<b>Support services:</b>			
Management and general	599,845	-	599,845
Fundraising	<u>228,368</u>	<u>-</u>	<u>228,368</u>
Total support services	<u>828,213</u>	<u>-</u>	<u>828,213</u>
Total expenses	<u>3,537,253</u>	<u>-</u>	<u>3,537,253</u>
Change in net assets	94,279	(337,202)	(242,923)
Net assets, beginning of year	<u>2,495,688</u>	<u>337,202</u>	<u>2,832,890</u>
Net assets, end of year	<u>\$ 2,589,967</u>	<u>\$ -</u>	<u>\$ 2,589,967</u>

See accompanying notes to the financial statements.

**Treatment Advocacy Center**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

	Without donor restrictions	With donor restrictions	Total
<b>Revenues:</b>			
Other contributions	\$ 2,193,741	\$ -	\$ 2,193,741
Stanley Foundation contributions	900,000	-	900,000
Contract revenue	200,198	-	200,198
Investment income, net	175,701	-	175,701
In-kind contributions	3,751	-	3,751
Loss on disposal of fixed asset	(4,787)	-	(4,787)
Net assets released from restrictions:			
Satisfaction of donor restrictions	216,090	(216,090)	-
Total revenues	3,684,694	(216,090)	3,468,604
<b>Expenses:</b>			
<b>Program services:</b>			
Education and advocacy	2,273,317	-	2,273,317
<b>Support services:</b>			
Management and general	485,276	-	485,276
Fundraising	249,649	-	249,649
Total support services	734,925	-	734,925
Total expenses	3,008,242	-	3,008,242
Change in net assets	676,452	(216,090)	460,362
Net assets, beginning of year	1,819,236	553,292	2,372,528
Net assets, end of year	\$ 2,495,688	\$ 337,202	\$ 2,832,890

See accompanying notes to the financial statements.

**Treatment Advocacy Center**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

	Education and advocacy	Management and general	Fundraising	Total support services	Total expenses
Salaries	\$ 1,613,602	\$ 210,828	\$ 105,661	\$ 316,489	\$ 1,930,091
Retirement plan	42,375	5,537	2,775	8,312	50,687
Employee benefits	158,134	20,435	10,242	30,677	188,811
Payroll taxes	124,885	16,317	8,178	24,495	149,380
Office supplies	5,804	538	336	874	6,678
Telephone	19,387	2,353	1,179	3,532	22,919
Postage and shipping	705	54	3,563	3,617	4,322
Occupancy	75,847	9,910	4,967	14,877	90,724
Equipment rental and maintenance	3,480	455	228	683	4,163
Printing and communications	20,459	443	1,920	2,363	22,822
Travel	53,420	13,112	108	13,220	66,640
Conference registration fees	1,182	7	-	7	1,189
Meeting & events - space rentals	30,445	-	-	-	30,445
Meeting & events - audio visual support	21,126	-	-	-	21,126
Meeting & events - catering	83,774	-	-	-	83,774
Depreciation and amortization	44,540	5,819	2,917	8,736	53,276
Property taxes and state registration fees	-	8,658	-	8,658	8,658
Insurance	-	15,174	-	15,174	15,174
Computer equipment and support	36,351	4,734	2,372	7,106	43,457
Dues, subscriptions and reference materials	98,177	17,548	3,259	20,807	118,984
Consulting fees	273,749	65,307	72,865	138,172	411,921
Service fees	-	21,631	-	21,631	21,631
Bank fees	1,598	12,227	6,801	19,028	20,626
Accounting fees	-	168,758	-	168,758	168,758
Bad debt expense	-	-	997	997	997
<b>Total expenses</b>	<b><u>\$ 2,709,040</u></b>	<b><u>\$ 599,845</u></b>	<b><u>\$ 228,368</u></b>	<b><u>\$ 828,213</u></b>	<b><u>\$ 3,537,253</u></b>

See accompanying notes to the financial statements

**Treatment Advocacy Center**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

	<u>Education and advocacy</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total support services</u>	<u>Total expenses</u>
Salaries	\$ 1,258,146	\$ 129,232	\$ 137,815	\$ 267,047	\$ 1,525,193
Retirement plan	35,163	3,612	3,852	7,464	42,627
Employee benefits	108,734	10,778	11,613	22,391	131,125
Payroll taxes	99,924	9,974	10,636	20,610	120,534
Office supplies	9,061	92	301	393	9,454
Telephone	17,820	1,783	1,902	3,685	21,505
Postage and shipping	1,662	64	1,346	1,410	3,072
Occupancy	121,667	12,497	13,327	25,824	147,491
Equipment rental and maintenance	4,248	436	465	901	5,149
Printing and communications	10,031	41	5,876	5,917	15,948
Travel	68,120	5,567	966	6,533	74,653
Conference registration fees	4,266	-	-	-	4,266
Meeting & events - space rentals	24,617	3,982	-	3,982	28,599
Meeting & events - audio visual support	9,735	-	-	-	9,735
Meeting & events - catering	70,552	6,600	-	6,600	77,152
Depreciation and amortization	43,341	4,452	4,747	9,199	52,540
Property taxes and state registration fees	364	25,981	346	26,327	26,691
Insurance	17	11,822	-	11,822	11,839
Computer equipment and support	21,852	2,234	2,383	4,617	26,469
Dues, subscriptions and reference materials	99,260	11,514	5,165	16,679	115,939
Consulting fees	254,262	61,400	42,968	104,368	358,630
Service fees	451	21,437	-	21,437	21,888
Bank fees	24	4,131	5,941	10,072	10,096
Accounting fees	-	157,647	-	157,647	157,647
Sub-grants	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total expenses	<u>\$ 2,273,317</u>	<u>\$ 485,276</u>	<u>\$ 249,649</u>	<u>\$ 734,925</u>	<u>\$ 3,008,242</u>

See accompanying notes to the financial statements

**Treatment Advocacy Center**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ <u>(242,923)</u>	\$ <u>460,362</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	53,276	52,540
Unrealized (gain) loss on investments	(122,538)	100,033
Realized gain on investment	(28,664)	(223,687)
Donated investments	(49,421)	(525)
Cash in excess of operating lease expense	(5,588)	(9,091)
Amortization of right-of-use assets	3,508	3,409
Loss on disposal of assets	458	4,787
Decrease (increase) in assets:		
Contributions receivable	185,504	296,000
Contracts receivable	(5,359)	(22,832)
Contract asset - unbilled receivables	-	48,953
Government grant receivable	(13,047)	127,922
Prepaid expenses	51,911	(38,125)
Increase (decrease) in liabilities:		
Accounts payable	57,127	(16,578)
Accrued expenses	14,006	(36,971)
Deferred revenue	<u>5,000</u>	<u>5,000</u>
Total adjustments	<u>146,173</u>	<u>290,835</u>
Net cash (used in) provided by operating activities	<u>(96,750)</u>	<u>751,197</u>
Cash flows from investing activities:		
Purchases of marketable investments	(220,634)	(1,350,309)
Proceeds from sales of marketable investments	142,118	1,585,391
Purchases of property and equipment	<u>(14,322)</u>	<u>(94,237)</u>
Net cash (used in) provided by investing activities	<u>(92,838)</u>	<u>140,845</u>
Cash flows from financing activities:		
Principal payments for finance lease liability	<u>(3,508)</u>	<u>(3,409)</u>
Net cash used in financing activities	<u>(3,508)</u>	<u>(3,409)</u>
Net (decrease) increase in cash and cash reserve, board-designated	(193,096)	888,633
Cash and cash reserve, board-designated, beginning of year	<u>1,012,411</u>	<u>123,778</u>
Cash and cash reserve, board-designated, end of year	<u>\$ 819,315</u>	<u>\$ 1,012,411</u>
Cash reconciliation:		
Cash	\$ 319,315	\$ 512,411
Cash reserve, board-designated	<u>500,000</u>	<u>500,000</u>
Total cash and cash reserve, board-designated	<u>\$ 819,315</u>	<u>\$ 1,012,411</u>

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**Treatment Advocacy Center**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ <u>248</u>	\$ <u>611</u>
Non-cash investing and financing transactions:		
Right-of-use asset obtained in exchange for operating lease liability	\$ <u>101,204</u>	\$ <u>-</u>

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**1. Organization**

The Treatment Advocacy Center (the Organization) is a nonprofit organization that was incorporated in Arlington, Virginia and began operations in 1998. The Organization's mission is to support and conduct research into the treatment for and causes of serious mental illness, and to promote and support the adoption and implementation of laws and practices which increase access to timely and humane treatment for persons with serious brain disorders, incorporating current scientific knowledge, thereby decreasing homelessness, jailings, suicide, violence and other devastating consequences of lack of treatment to the individual and the community. The Organization promotes the benefits of treating severe mental illness by compiling information about those benefits and educating individuals, the public, media, lawmakers and policymakers. The Organization's main source of support is contributions.

Description of program and supporting services

The following program and supporting services are included in the accompanying financial statements:

Education and Advocacy - Education and advocacy program activities are conducted to eliminate barriers to treatment for individuals suffering from severe mental illness. The Organization also serves as an information clearinghouse through its website and publication of on-line and hardcopy newsletters.

Management and general - This supporting service includes the functions necessary to secure proper administrative functioning of the Board of Directors, maintain an adequate working environment, and manage financial and budgetary responsibilities of the Organization.

Fundraising - Fundraising activities include inducing potential donors to contribute money, securities, services, materials, or time through direct mail, electronic and personal contact solicitations.

**2. Summary of Significant Accounting Policies**

**a. Basis of presentation**

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for nonprofit organizations. Under those principles, Treatment Advocacy Center is required to report information regarding its financial position and activities according to two classes of net assets:

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion. Included in net assets without donor restrictions are \$2,156,878 and \$1,877,739 of board-designated funds at June 30, 2025 and 2024, respectively. These funds may be used for implementation of Treatment Advocacy Center's strategic plan and any activities approved by the board. During the years ended June 30, 2025 and 2024, \$73,544 and \$575,285, respectively, of board-designated funds were used.
- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of Treatment Advocacy Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**b.** Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with U.S. GAAP.

**c.** Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

**d.** Fair value measurements

U.S. GAAP establishes a framework for measuring fair value. The framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Significant unobservable inputs.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

Valuation techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2025 and 2024.

- Exchange-traded funds: Valued at the daily closing price as reported by the fund.
- Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

**e.** Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provision of state law. The Organization is not classified as a private foundation.

The Organization is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If material omissions of income exist, tax returns may be subject to examination for up to six years. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2021.

**f.** Cash reserve, board designated

In January 2024, the board established an operating cash reserve of \$500,000 for operating cash flow purposes. Funds used from the reserve are to be fully replenished by the end of each fiscal year.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**g.** Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are stated at their net realizable value. Amounts that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The cash flows are discounted at a discount rate commensurate with the risk involved. Amortization of the resulting discount is recognized as additional contribution revenue. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2025, there were no contributions receivable. At June 30, 2024, management estimated that all receivables were fully collectible, and expected to be collected in less than one year, therefore no allowance for doubtful accounts was recognized. However, write-offs may occur.

**h.** Contracts receivable

Contracts receivable are due in less than one year and stated at their net realizable value.

**i.** Allowance for Credit Loss

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. Management has determined that the allowance for credit losses is immaterial to the financial statements and no allowance for credit losses has been applied.

**j.** Government grants receivable

Government grants receivable represent amounts due from the Employee Retention Credit ("ERC") under the CARES Act. Government grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. All government grants receivable outstanding are considered collectible. Accordingly, no allowance for doubtful accounts has been recorded at June 30, 2025 and 2024.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**k.** Investments

Investments are reported at fair value and interest, dividend, realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor restrictions or law. The Organization invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements. Donated securities are recorded at their fair value on the date of the donation. Investment income is reported net of external and direct internal investment expenses.

**l.** Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Donated property and equipment is stated at fair value at the date of donation. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Website	3 years
Computer equipment	5 years
Furniture and fixtures	5 years

The Organization's policy is to capitalize major additions and improvements over \$1,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

**m.** Revenue recognition

*Contributions:* The Organization recognizes other contributions and Stanley Foundation contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

The Organization reports gifts of cash and other assets as donor restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to Treatment Advocacy Center's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Conditional promises to give, such as matching grants, are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met. Conditional amounts received prior to all conditions being met are recorded as refundable advances on the accompanying statements of financial position. There were no conditional contributions awarded, but not received at June 30, 2025 and 2024.

*Contracts:* Contract revenue is measured based on the consideration specified in a contract with a customer. The Organization provides learning material and performs research studies as a subrecipient of cost plus fixed fee federal contracts. The Organization recognizes revenue over time, each month, to the extent of hours worked, expenses incurred and indirect cost allocated to the contract, based primarily on the input method which is contract costs incurred to date compared to total estimated cost, plus the fee earned. This method is the most accurate depiction of the Organization's performance because it directly measures the value of the services transferred to the customer. Significant judgments involved in the recognition of revenue include management determining when control transfers, which affects the timing of revenue recognized. The Organization believes that methods used provide a faithful depiction of the transfer of control of its products and services. Payments are typically due within thirty days of billing. The revenue stream described does not include variable consideration estimated by the Organization.

*In-kind contributions:* Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited. Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of these contributed services is not recorded as in-kind contributions since the criteria for recognition was not met.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

n. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. The financial statements report certain categories of expenses that are attributable to the program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs, such as salaries, retirement plan, employee benefits, payroll taxes, office supplies, telephone, occupancy, equipment rental and maintenance, depreciation and amortization, and computer equipment and support have been allocated among programs and supporting services based on staff level of effort.

o. Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. The operating lease is included in operating lease right-of-use (ROU) asset and operating lease liability on the accompanying statements of financial position. The finance lease is included in finance lease right-of-use (ROU) asset and finance lease liability on the accompanying statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization does not have short term leases or lease agreements with non-lease components.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**3. Liquidity and Availability**

The following represents Treatment Advocacy Center's financial assets at June 30:

Financial assets at year end:	2025	2024
Cash	\$ 319,315	\$ 512,411
Cash reserve, board-designated	500,000	500,000
Marketable investments	1,656,878	1,377,739
Contributions receivable	-	185,504
Contracts receivable	30,334	24,975
Government grant receivable	93,539	80,492
Total financial assets	<u>2,600,066</u>	<u>2,681,121</u>
Less amounts not available within one year:		
Restricted by donor with purpose restrictions	-	(337,202)
Cash reserve, board-designated	(500,000)	(500,000)
Board-designated amount set aside for sustainability	(1,656,878)	(1,377,739)
Total	<u>(2,156,878)</u>	<u>(2,214,941)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 443,188</u>	<u>\$ 466,180</u>

The Organization considers general expenditures to be those not limited by or used to meet donor or other restrictions. The Organization's goal is generally to maintain liquid financial assets to meet ninety days of operating expenses. As part of its liquidity plan, board-designated reserves are invested in short term investments, including money market accounts and other marketable investments. Additionally, the Organization's board designated a fund intended for long term sustainability. The sustainability fund is invested in exchange-traded funds and mutual funds and released in annual increments to fund operations, if necessary. During 2025 and 2024, the Organization's board designated a cash reserve of \$500,000 to be used for operating cash flow purposes.

**4. Concentrations of Credit Risk**

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2025 and 2024, Treatment Advocacy Center had bank deposits in excess of FDIC limits of \$130,217 and \$16,393, respectively. The Organization has not experienced any losses related to this credit risk and management believes it is not exposed to any significant credit risks on cash.

Contributions receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rate at June 30, 2024 was 4.87%.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**5. Investments and Fair Value Measurements**

Assets measured at fair value on a recurring basis as of June 30, 2025 are follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Exchange-traded funds	\$ <u>1,432,309</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,432,309</u>
Total assets	\$ <u><u>1,432,309</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	1,432,309
Cash (reported at cost)				<u>224,569</u>
Total investments				\$ <u><u>1,656,878</u></u>

Assets measured at fair value on a recurring basis as of June 30, 2024 are follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Mutual fund	\$ <u>1,337,066</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,337,066</u>
Total assets	\$ <u><u>1,337,066</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	1,337,066
Cash (reported at cost)				<u>40,673</u>
Total investments				\$ <u><u>1,377,739</u></u>

**6. Property and Equipment, Net**

The following is a summary of property and equipment held at June 30:

	<u>2025</u>	<u>2024</u>
Website	\$ 206,881	\$ 209,631
Computer equipment	69,942	55,620
Furniture and equipment	<u>33,126</u>	<u>46,266</u>
Property and equipment	309,949	311,517
Accumulated depreciation and amortization	<u>(181,851)</u>	<u>(144,007)</u>
Total property and equipment, net	\$ <u><u>128,098</u></u>	\$ <u><u>167,510</u></u>

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$53,276 and \$52,540, respectively.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**7. Employee Retention Credit**

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

The Organization is eligible for the Employee Retention Credit (“ERC”) under the CARES Act. Grants receivable including interest for the ERC at June 30, 2025 and 2024 are \$93,539 and \$80,492, respectively, which represents refunds due on the 2021 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for the quarters ended March 31, 2021 and June 30, 2021.

The IRS has extended the statute of limitations to five years with respect to ERC claims. Should the IRS subsequently audit ERC amounts and determine the Organization did not meet the eligibility requirements, a legal liability for repayment of previously recognized ERC amounts could be incurred.

**8. Paycheck Protection Program**

The Paycheck Protection Program (PPP) is a low interest Small Business Administration (SBA) loan and may be forgiven entirely if the borrower maintains certain staffing levels and the proceeds are used for qualified expenses over the qualified period of time. The Organization was approved for a loan on April 2020 under this program in the amount of \$248,400. The first loan was forgiven in April 2021. In March 2021, the Organization was approved for a second loan in the amount of \$261,422. The second loan was forgiven in June 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**9. Net Assets With Donor Restrictions**

At June 30, 2025, there were no restricted net assets. At June 30, 2024, restricted net assets totaled \$337,202 for Midwest Mental Health.

**10. Related Party Transactions**

The Organization received total contributions from board members of \$463,890 and \$277,160, respectively, for the years ended June 30, 2025 and 2024.

**11. Sustainability Fund**

The Organization's quasi-endowment consists of funds which are designated by the Board of Directors for long-term sustainability. As required by U.S. GAAP, endowment funds that are board-designated and do not contain any donor-imposed restrictions are classified as net assets without donor restrictions.

*Spending Policy.* The Organization has a policy of appropriating for distribution each year 5% of its endowment balance. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation.

*Investment Return Objectives, Risk Parameters and Strategies.* The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

Change in quasi-endowment net assets for the year ended June 30, 2025 was:

	Without Donor Restrictions
Quasi-endowment net assets, beginning of year	\$ 1,377,739
Investment return	
Investment income, net	30,396
Net appreciation	122,287
Total investment return	152,683
Amounts appropriated for expenditures	(73,544)
Contributions	200,000
Quasi-endowment net assets, end of year	\$ 1,656,878

Change in quasi-endowment net assets for the year ended June 30, 2024 was:

	Without Donor Restrictions
Quasi-endowment net assets, beginning of year	\$ 1,483,631
Investment return	
Investment income, net	46,650
Net appreciation	122,743
Total investment return	169,393
Amounts appropriated for expenditures	(75,285)
Amount released for operating reserve	(500,000)
Contributions	300,000
Quasi-endowment net assets, end of year	\$ 1,377,739

**12. In-kind Contributions**

The Organization receives in-kind contributions from The Stanley Medical Research Institute (SMRI). For the years ended June 30, 2025 and 2024, the Organization received contributed services from SMRI in the form of personnel salaries and benefits totaling \$982 and \$1,875, respectively. The personnel salaries and benefits are reported using the personnel's current rates for the salaries and benefits. There were no donor-imposed restrictions associated with the donated services. During the year ended June 30, 2024, health, life, and disability insurance invoices totaling \$1,876 were paid by SMRI on behalf of the Organization. The contributed nonfinancial assets are estimated based on the invoices which approximate cost. All donated services are utilized by the Organization's management and general function.

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**13. Concentrations of Support Revenue and Receivable Risk**

The Organization received a substantial portion of its support from two donors for the years ended June 30, 2025 and 2024 that constituted approximately 50% and 62%, respectively, of total support and revenue. At June 30, 2025, there were no contributions receivable. At June 30, 2024, contributions receivable included \$185,504 from one donor, which is approximately 88% of total receivables. Any significant reduction in revenue and support may adversely impact the Organization's financial position and operations.

**14. Disaggregation of Revenue and Contract Balances**

Revenue and related profit from research and learning material contracts is recognized as the Organization's performance obligations are satisfied over time. The Organization entered into one year contracts with two non-profit organizations in the United States of America who receive federal funding. The contracts are cost plus fixed fee agreements and the Organization bills for costs incurred on a monthly basis. As a subcontractor receiving federal funds, the Organization develops online learning modules on Assisted Outpatient Treatment and performs research studies on mental disorders.

Various economic factors affect the recognition of revenue and cash flows, including the Organization's ability to conduct research and provide learning material. Any negative economic impact to the area could significantly affect revenues and cash flows. Additionally, cost-based contracts involve less risk, but often are less profitable. No significant events occurred that had a material impact on the Organization's revenue recognition or cash flows for the years ended June 30, 2025 and 2024.

The timing of revenue recognition, billings and cash collections results in billed contracts receivable, unbilled receivables (contract assets), and deferred revenue (contract liability) on the statements of financial position. Deferred revenue is liquidated when services are performed or events have occurred. Amounts are billed as work progresses in accordance with agreed-upon contractual terms on a monthly basis.

The beginning and ending contract balances were as follows at June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contracts receivables	\$ 30,334	\$ 24,975	\$ 2,143
Contract asset - unbilled receivables	\$ -	\$ -	\$ 48,953
Deferred revenue	\$ 13,750	\$ 8,750	\$ 3,750

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

**15. Leases**

In February 2014, the Organization amended its office lease for an additional 10 years and 3 months, beginning August 1, 2014. The lease required monthly payments of \$10,824 with annual rent escalations of 3% and is set to expire in October 2024. In June 2024, the Organization entered into a new lease for office space commencing July 1, 2024. The new lease term is 37 months with monthly payments of \$2,890 and annual escalations of 4%.

In August 2022, the Organization entered into a finance lease agreement for office equipment. The agreement calls for monthly lease payments of \$313. The agreement will expire in August 2027.

The components of lease expense were as follows:

Year Ending June 30,	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ <u>84,003</u>	\$ <u>146,312</u>
Finance lease cost		
Amortization of right-of-use assets	3,508	3,409
Interest	<u>248</u>	<u>347</u>
Total finance lease cost	<u>3,756</u>	<u>3,756</u>
Total lease cost	<u>\$ 87,759</u>	<u>\$ 150,068</u>

Other information related to leases was as follows:

Year Ending June 30,	<u>2025</u>	<u>2024</u>
Supplemental cash flows information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 89,591	\$ 169,149
Operating cash flows from financing lease	248	347
Financing cash flows from financing lease	3,508	3,409
Right-of-use asset obtained in exchange for lease obligation:		
Operating leases	\$ 101,204	\$ -
Weighted average remaining lease term		
Operating lease	2.1 years	0.3 years
Financing lease	2.0 years	3.0 years
Weighted average discount rate		
Operating lease	4.58%	2.84%
Financing lease	2.88%	2.88%

**Treatment Advocacy Center**  
**Notes to the Financial Statements**  
**June 30, 2025 and 2024**

Future minimum lease payments under non-cancellable leases as of June 30, 2025 were as follows:

Years Ending June 30,	<u>Operating leases</u>	<u>Finance lease</u>
2026	\$ 36,071	\$ 3,756
2027	37,514	3,443
2028	<u>3,251</u>	<u>-</u>
Total future minimum lease payments	76,836	7,199
Less imputed interest	<u>(3,440)</u>	<u>(186)</u>
Total	<u>\$ 73,396</u>	<u>\$ 7,013</u>

Reported as of June 30, 2025

Operating lease liabilities	\$ 73,396
Finance lease liabilities	\$ 7,013

**16. Retirement Plan**

The Organization has a defined contribution retirement plan covering employees who meet certain eligibility requirements. The Organization makes contributions to the plan that equal four percent of employee compensation. The plan's assets are held by a third-party administrator, TIAA-CREF, and are invested based on the participants' instructions. Retirement plan expense for the years ended June 30, 2025 and 2024 was \$50,687 and \$42,627, respectively.

**17. Subsequent Events**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, nonrecognized subsequent events).

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 16, 2026, which is the date the financial statements were available to be issued. Based on the evaluation, the Organization noted that there were no additional subsequent events that require recognition of, or disclosure in, these financial statements.