



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025



Independent Auditor's Report

The Board of Directors
National Health Council
Washington, D.C.

Opinion

We have audited the accompanying financial statements of National Health Council (the NHC), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year 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 National Health Council as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the NHC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the NHC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814

202.770.6371

| www.mullinspc.com

| john@mullinspc.com

The Board of Directors
National Health Council
Washington, D.C.

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, including omissions, 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 the NHC'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 the NHC'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.

Report on Summarized Comparative Information

We have previously audited the 2024 financial statements of National Health Council, and our report dated May 15, 2025, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the 2024 audited financial statements from which it has been derived.

Bethesda, Maryland
April 28, 2026

Certified Public Accountants



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202.770.6371

| www.mullinspc.com

| john@mullinspc.com

National Health Council
Statement of Financial Position
December 31, 2025
With Comparative Totals As of December 31, 2024

	Assets	
	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 1,851,489	\$ 1,154,435
Investments	1,928,992	2,960,548
Pledges Receivable	-	4,295
Receivables from Contracts and Other	143,355	46,643
Prepaid Expenses and Other	281,390	349,424
Property and Equipment - Net	84,425	117,797
Right of Use (ROU) Asset - Net	2,064,106	2,345,576
Security Deposits	15,878	15,878
Total Assets	<u>\$ 6,369,635</u>	<u>\$ 6,994,596</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 405,988	\$ 168,861
Deferred Membership Dues	927,400	667,000
Deferred Revenue - Other	-	20,750
Deferred Revenue - Sponsorships	397,750	290,000
Lease Liability	2,501,499	2,764,392
Total Liabilities	<u>4,232,637</u>	<u>3,911,003</u>
Net Assets		
Without Donor Restrictions	711,101	1,318,420
With Donor Restrictions	1,425,897	1,765,173
Total Net Assets	<u>2,136,998</u>	<u>3,083,593</u>
Total Liabilities and Net Assets	<u>\$ 6,369,635</u>	<u>\$ 6,994,596</u>

See Accompanying Notes to Financial Statements

National Health Council
Statement of Activities
For the Year Ended December 31, 2025
With Comparative Totals For the Year Ended December 31, 2024

	<u>2025</u>				<u>2024</u>	
	<u>Without Donor Restrictions - Undesignated</u>	<u>Without Donor Restrictions - Board Designated</u>	<u>Without Donor Restrictions - Total</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Support and Revenues						
Contributions and Grants	\$ 2,583	\$ -	\$ 2,583	\$ 3,106,604	\$ 3,109,187	\$ 2,822,049
Sponsorship	927,500	-	927,500	-	927,500	800,500
Membership Dues	2,121,500	-	2,121,500	-	2,121,500	2,050,250
Honoraria	36,150	-	36,150	-	36,150	21,774
Investment Income (Loss) - Net	291,220	-	291,220	-	291,220	298,042
Other	23,120	-	23,120	-	23,120	20,045
Net Assets Released from Restrictions	3,445,880	-	3,445,880	(3,445,880)	-	-
Total Support and Revenues	<u>6,847,953</u>	<u>-</u>	<u>6,847,953</u>	<u>(339,276)</u>	<u>6,508,677</u>	<u>6,012,660</u>
Expenses						
Program Services						
Member Services	1,568,662	-	1,568,662	-	1,568,662	982,046
Special Projects	2,844,809	30,181	2,874,990	-	2,874,990	2,781,148
Conferences	1,071,742	-	1,071,742	-	1,071,742	1,016,222
Total Program Services	<u>5,485,213</u>	<u>30,181</u>	<u>5,515,394</u>	<u>-</u>	<u>5,515,394</u>	<u>4,779,416</u>
Supporting Services						
General and Administrative	657,098	-	657,098	-	657,098	773,291
Governance	285,514	-	285,514	-	285,514	274,342
Membership Development	612,639	-	612,639	-	612,639	408,619
Fundraising	367,411	-	367,411	-	367,411	208,100
Strategic Planning	17,216	-	17,216	-	17,216	143,247
Total Supporting Services	<u>1,939,878</u>	<u>-</u>	<u>1,939,878</u>	<u>-</u>	<u>1,939,878</u>	<u>1,807,599</u>
Total Expenses	<u>7,425,091</u>	<u>30,181</u>	<u>7,455,272</u>	<u>-</u>	<u>7,455,272</u>	<u>6,587,015</u>
Changes in Net Assets	(577,138)	(30,181)	(607,319)	(339,276)	(946,595)	(574,355)
Net Assets, Beginning of Period	1,288,239	30,181	1,318,420	1,765,173	3,083,593	3,657,948
Net Assets, End of Period	<u>\$ 711,101</u>	<u>\$ -</u>	<u>\$ 711,101</u>	<u>\$ 1,425,897</u>	<u>\$ 2,136,998</u>	<u>\$ 3,083,593</u>

See Accompanying Notes to Financial Statements

National Health Council

**Statement of Functional Expenses
For the Year Ended December 31, 2025
With Comparative Totals For the Year Ended December 31, 2024**

	2025								2024	
	Program Services				Supporting Services					
	Member Services	Special Projects	Conferences	General and Administrative	Governance	Membership Development	Fundraising	Strategic Planning	Total	Total
Personnel Costs	\$ 1,185,642	\$ 1,210,487	\$ 496,681	\$ 442,220	\$ 176,267	479,508	\$ 325,470	\$ 15,380	\$ 4,331,655	\$ 3,967,769
Professional Fees	214,750	1,424,455	100,554	103,270	11,677	74,809	6,787	309	1,936,611	1,454,729
Meetings and Conferences	6,037	25,196	388,859	2,067	51,485	1,074	886	-	475,604	481,600
Travel	8,575	25,819	17,527	426	18,204	1,069	1,365	-	72,985	80,962
Office Expense	7,000	9,616	14,817	1,980	10,191	2,138	1,419	66	47,227	50,722
Occupancy	108,437	110,674	45,388	39,980	15,634	42,727	28,714	1,347	392,901	403,598
Insurance	-	-	-	26,567	-	-	-	-	26,567	21,779
Advertising	934	37,835	-	-	-	-	-	-	38,769	3,125
Depreciation and Amortization	9,210	9,400	3,855	3,397	1,328	3,628	2,440	114	33,372	33,373
Dues and Subscriptions	28,077	20,929	1,650	5,927	728	6,997	-	-	64,308	50,800
Staff Development	-	579	2,411	6,839	-	689	330	-	10,848	30,101
Interest and Fees	-	-	-	24,425	-	-	-	-	24,425	8,457
Total Expenses	\$ 1,568,662	\$ 2,874,990	\$ 1,071,742	\$ 657,098	\$ 285,514	\$ 612,639	\$ 367,411	\$ 17,216	\$ 7,455,272	\$ 6,587,015

See Accompanying Notes to Financial Statements

National Health Council
Statement of Cash Flows
For the Year Ending December 31, 2025
With Comparative Totals For the Year Ended December 31, 2024

	2025	2024
Cash Flows from Operating Activities		
Change in Net Assets	\$ (946,595)	\$ (574,355)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	33,372	33,373
Amortization on ROU Asset	281,470	281,472
Net (Gains) Losses on Investments	(203,496)	(199,029)
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	4,295	339,205
Receivables from Contracts and Other	(96,712)	6,857
Prepaid Expenses and Other	68,034	28,647
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	237,127	(223,933)
Deferred Membership Dues	260,400	4,000
Deferred Revenue - Other	(20,750)	3,000
Deferred Revenue - Sponsorships	107,750	(10,000)
Lease Liability	(262,893)	(246,514)
Net Cash Provided by (Used in) Operating Activities	(537,998)	(557,277)
Cash Flows from Investing Activities		
Purchases of Investments	(80,436)	(673,153)
Sales and Maturities of Investments	1,315,488	101,337
Net Cash Provided By (Used in) Investing Activities	1,235,052	(571,816)
Net Increase (Decrease) in Cash and Cash Equivalents	697,054	(1,129,093)
Cash and Cash Equivalents, Beginning of Period	1,154,435	2,283,528
Cash and Cash Equivalents, End of Period	\$ 1,851,489	\$ 1,154,435

See Accompanying Notes to Financial Statements

National Health Council

Notes to Financial Statements December 31, 2025

1. ORGANIZATION AND PURPOSE

The National Health Council, Inc. (the NHC) is a not-for-profit organization that provides national focus for sharing common concerns, evaluating needs, and pooling ideas and resources for national organizations in the health field.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the NHC have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the NHC to report information regarding its financial position and activities in accordance with the accrual basis of accounting and the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the NHC. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the NHC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accordingly, actual results could differ from those estimates.

Cash Equivalents

The NHC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Money funds, in the amount of \$778,486 at December 31, 2025, that are included in investments are not included in cash and cash equivalents.

Investments and Fair Value Measurements

Investments in marketable securities with readily determinable fair values are stated at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

National Health Council

Notes to Financial Statements December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables from Contracts

Receivables from contracts are stated at unpaid balances less an allowance for credit losses. The NHC estimates credit losses using historical experience, current conditions, and reasonable and supportable forecasts. It is the NHC's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management considers all amounts to be fully collectible at December 31, 2025.

Pledge Receivables

Pledges receivable represent contributions pledged but not yet received. All pledges are expected to be collected within one year. Based on management's assessment of the payment history of members with outstanding balances and management's current relationships with those members, management has concluded that realization losses, if any, on balances outstanding at year-end would be immaterial.

Property and Equipment

Property and equipment is recorded at cost. The NHC capitalizes assets whose costs are in excess of \$2,000. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years. Amortization of leasehold improvements is taken over the term of the lease. Expenditures for maintenance and repairs are charged to expense as incurred.

When property and equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income or expense.

Right of Use Asset and Lease Liability

The right of use asset and lease liability are recognized at the commencement date of the operating lease agreement based on the present value of lease payments over the lease term using the NHC's estimated incremental borrowing rate or implicit rate, when readily determinable. The lease liability will be reduced as lease payments are made throughout the life of the lease. The right of use asset will be reduced as lease expense is recognized on a straight line basis throughout the life of the lease. The total lease expense will be equal to the total lease component payments made for the lease. Short-term operating leases, which have an initial term of twelve months or less, are not recorded on the statement of financial position.

Revenue Recognition

In accordance with Financial Accounting Standards Board's Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), the NHC recognizes revenues from contracts with customers when control of the promised goods or services is transferred to its customers and members in an amount that reflects the consideration the NHC expects to be entitled to in exchange for those goods or services.

National Health Council

Notes to Financial Statements December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The NHC's membership includes both national and international organizations, though the majority of organizations are based in the United States. The coalition of members is a broad-based network of various organizations which promote the well-being, and provide services to, the overall patient community. Contracts with members are implied based on a publicized listing of membership benefits. Since membership payments are required in advance, the uncertainty of payment is generally low. Contracts for other services are local in nature and uncertainty of payment is mitigated through progress payments as tasks are completed.

Performance obligations for membership benefits are satisfied over time during the calendar year. All members have a calendar year membership period. Membership dues are generally required to be paid in full at the beginning of the calendar year.

The nature of membership services provided by the NHC include opportunities to participate in the policy-making process, access to policy resources and expertise on a broad range of complex issues, conferences and meetings, among other benefits.

Member dues are recognized over a calendar year period for all members. Dues collected in advance are considered contract liabilities and recorded as deferred revenue in the statement of financial position.

Performance obligations for contract services are satisfied over time during the respective contract periods. Payments are received according to agreed-upon schedules based on the performance of tasks. The nature of contract services includes consulting expertise, research, and forums assembled for gathering data and furthering best practices.

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred, in the amount that reflects the consideration the NHC expects to be entitled to in exchange for those goods and services. Revenue from contracts with customers is disaggregated between memberships and other contract services in the statement of activities. The performance obligations are satisfied over time.

Contributions are recognized as revenue at the earlier of when they are received or when the NHC has received an unconditional promise to give a specific amount. The NHC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The NHC enters into sponsorship agreements with customers each year. Sponsors are entitled to benefits such as attendance at events, company name and logo recognition, and other benefits. Performance obligations for sponsorships are satisfied over time or at a point in time depending on the nature of the sponsorship. Sponsorship payments received from customers in advance of performance obligations being met are considered contract liabilities and recorded as deferred revenue on the statement of financial position.

National Health Council

Notes to Financial Statements December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of the general and administrative costs that benefit multiple functional areas have been allocated across Program and other Supporting Services and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include computer fees, advertising fees, supplies, telephone, postage and shipping, rent, equipment rental and maintenance, printing, and depreciation, which are allocated on a time and effort basis.

Risks and Uncertainties

The NHC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Income Tax Status

The NHC is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

The NHC follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in the NHC's financial statements, if any. As of December 31, 2025, the NHC had no unrecognized tax benefits related to uncertain tax positions in its information return that would qualify for either recognition or disclosure in its financial statements.

The NHC's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through December 31, 2025, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2022 are no longer subject to examination by federal, state, or local taxing authorities.

National Health Council

**Notes to Financial Statements
December 31, 2025**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the NHC's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through April 28, 2026, the date which the financial statements were available to be issued.

3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the NHC to significant concentrations of credit risk consist of cash and investments. The NHC maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The NHC has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The NHC invests cash in excess of its immediate needs in marketable securities, which are reported as an investment in the statement of financial position.

Following is a schedule of the investment held at December 31:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Money Market Funds	\$ 778,486	\$ 778,486
Corporate Bonds	<u>1,150,506</u>	<u>1,150,506</u>
Total	<u>\$ 1,928,992</u>	<u>\$ 1,928,992</u>

The NHC has categorized its financial instruments based on a three-level fair value hierarchy as follows:

Level 1 – Values are based on quoted prices for identical assets in active markets.

Level 2 – Values are based on quoted prices for similar assets in active or inactive markets.

Level 3 – Value are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

National Health Council

**Notes to Financial Statements
December 31, 2025**

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income consisted of the following for the year ended December 31, 2025:

Dividends and Interest	\$ 87,724
Net Gains (Losses)	<u>203,496</u>
Total	<u>\$ 291,220</u>

Management has evaluated the significance of internal expenses related to the generation of investment income and believes these expenses to be immaterial to the financial statements.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2025:

Furniture, Equipment and Software	\$ 51,623
Leasehold Improvements	153,708
Website	<u>69,560</u>
Total	274,891
Less Accumulated Depreciation and Amortization	<u>(190,466)</u>
Property and Equipment - Net	<u>\$ 84,425</u>

Depreciation and amortization expense for the year ended December 31, 2025, was \$33,372.

National Health Council

**Notes to Financial Statements
December 31, 2025**

6. NET ASSETS

Net assets with donor restrictions for the year ended December 31, 2025 was as follows:

Purpose:	2024	Contributions	Releases	2025
Patient Health Workstream	\$ 112,967	\$ 680,000	\$ (743,244)	\$ 49,723
Federal/State Initiative	-	32,500	(31,526)	974
Value	38,122	-	(38,122)	-
Telehealth	27,539	-	(27,539)	-
Trusted Messenger - General	-	50,000	-	50,000
AI Initiative	-	75,000	(75,000)	-
Smoothing	351,571	-	(351,571)	-
Health Care Financing	-	340,000	(217,958)	122,042
We Are All Patients Camp	-	150,000	(150,000)	-
Trusted Messenger - C21CVD/CKD	-	781,334	(327,808)	453,526
Patient Centricity Workstream	120,240	203,700	(180,159)	143,781
PC-CIS	15,239	-	-	15,239
PEMT I - General	99,354	100,020	(30,470)	168,904
PEMT II- Specific Conditions	48,452	189,800	(213,808)	24,444
PELI	173,713	25,000	(63,125)	135,588
PC Outcome / Impact	225,417	100,000	(121,025)	204,392
PEMT III - Adaptability	20,262	-	-	20,262
CMS Patient Engagement Roundtable	-	240,000	(240,000)	-
Trusted Messengers Healthy Equity	408,187	-	(408,187)	-
Dissecting the QALY	65,596	-	(65,596)	-
Federal and State OBBA	-	24,250	(22,035)	2,215
Patient Advocacy Group Impact	29,891	40,000	(35,084)	34,807
Member Portal	28,623	75,000	(103,623)	-
Total	\$ 1,765,173	\$ 3,106,604	\$ (3,445,880)	\$ 1,425,897

The net assets without donor restrictions for the year ended December 31, 2025 were undesignated.

7. LEASE COMMITMENTS

During 2021, the NHC cancelled its lease for office space and entered into a new lease to expand its square footage and extend the lease termination date to June 2033. The new lease has base monthly rental payments of \$26,971 with the first eleven months of rent abated under the new lease. The lease also calls for escalations in lease payments by 2.5% annually on the anniversary of the lease.

National Health Council

**Notes to Financial Statements
December 31, 2025**

7. LEASE COMMITMENTS (CONTINUED)

The lease liability is recorded based on the present value of the future payments of the lease, discounted at an estimated incremental borrowing rate of 3.13%, based on comparable interest rates available to the NHC under borrowing arrangements for a similar amount and duration of the lease (remaining term method). The NHC established a right of use asset equal to the remaining lease liability under the lease agreement less the deferred rent reported at December 31, 2021.

As of December 31, 2025, the lease liability was as follows:

2026	\$ 354,340
2027	363,199
2028	372,278
2029	381,586
2030	391,125
Thereafter	949,927
Less Amount Representing Interest	<u>(310,956)</u>
Total Lease Liability	<u>\$ 2,501,499</u>

8. RETIREMENT PLAN

The NHC maintains a defined contribution retirement plan qualified under Internal Revenue Code Section 403(b) covering substantially all employees. Contributions by the NHC are based on fixed percentages of compensation, up to 8%, based on the participants' years of service.

Total expense under these plans for the year ended December 31, 2025 was \$191,978.

9. LIQUIDITY AND AVAILABILITY

The following represents the NHC's financial assets at December 31, 2025:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 1,851,489
Investments	1,928,992
Receivables from Contracts and Other	<u>143,355</u>
Total Financial Assets	<u>3,923,836</u>
Less: Restricted Amounts Not Available To Be Used Within One Year:	
Donor-Restricted Amounts - Purpose Restricted	(1,425,897)
Donor-Restricted Amounts To Be Used Over the Next Twelve Months	<u>1,425,897</u>
	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 3,923,836</u>

National Health Council

**Notes to Financial Statements
December 31, 2025**

9. LIQUIDITY AND AVAILABILITY (CONTINUED)

The goal of the NHC is to maintain sufficient financial assets to meet upcoming operating expenses. As part of the liquidity plan, cash in excess of monthly operating requirements is invested in a money market account or short-term mutual fund.