

**Mental Health America of Greater Houston, Inc.  
and MHA of Greater Houston Foundation, Inc.**

Consolidated Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2025 and 2024

# **Mental Health America of Greater Houston, Inc. and MHA of Greater Houston Foundation, Inc.**

## Table of Contents

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	Page
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Consolidated Statements of Financial Position as of December 31, 2025 and 2024	3
Consolidated Statement of Activities for the year ended December 31, 2025	4
Consolidated Statement of Activities for the year ended December 31, 2024	5
Consolidated Statements of Cash Flows for the years ended December 31, 2025 and 2024	6
Consolidated Statements of Functional Expenses for the years ended December 31, 2025 and 2024	7
Notes to Consolidated Financial Statements for the years ended December 31, 2025 and 2024	8
<b>Supplementary Information:</b>	
Supplemental Consolidating Statement of Financial Position as of December 31, 2025	16
Supplemental Consolidating Statement of Financial Position as of December 31, 2024	17
Supplemental Consolidating Statement of Activities for the year ended December 31, 2025	18
Supplemental Consolidating Statement of Activities for the year ended December 31, 2024	19

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## **Independent Auditors' Report**

To the Board of Directors of  
Mental Health America of Greater Houston, Inc.:

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Mental Health America of Greater Houston, Inc. and MHA of Greater Houston Foundation, Inc. (MHA), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, of cash flows, and of functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of MHA as of December 31, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of MHA 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 MHA's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### ***Auditors' 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 auditors' 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 MHA'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 MHA'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information in the supplemental consolidating statements of financial position as of December 31, 2025 and 2024 and the supplemental consolidating statements of activities for the years ended December 31, 2025 and 2024 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Blazek & Vetterling*

March 25, 2026

**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Consolidated Statements of Financial Position as of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 471,583	\$ 1,674,591
Accounts receivable	95,944	21,273
Contributions receivable <i>(Note 4)</i>	107,098	241,527
Accrued interest receivable	28,388	26,638
Prepaid expenses	17,325	11,957
Operating investments <i>(Note 5)</i>	1,593,641	2,160,708
Endowment investments <i>(Note 5)</i>	7,031,593	6,193,140
Property and equipment, net <i>(Note 6)</i>	103,344	41,329
Operating lease right-of-use assets, net <i>(Note 11)</i>	<u>361,911</u>	<u>485,137</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,810,827</u></b>	<b><u>\$ 10,856,300</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 27,781	\$ 57,136
Accrued employee benefits	66,665	69,913
Refundable advance government grant	28,025	
Contract advance	3,300	6,940
Operating lease liabilities <i>(Note 11)</i>	<u>414,849</u>	<u>479,656</u>
Total liabilities	<u>540,620</u>	<u>613,645</u>
Net assets:		
Without donor restrictions <i>(Note 7)</i>	1,422,132	2,155,368
With donor restrictions <i>(Notes 8 and 9)</i>	<u>7,848,075</u>	<u>8,087,287</u>
Total net assets	<u>9,270,207</u>	<u>10,242,655</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,810,827</u></b>	<b><u>\$ 10,856,300</u></b>

*See accompanying notes to consolidated financial statements.*

**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Consolidated Statement of Activities for the year ended December 31, 2025

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	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions <i>(Note 4)</i>	\$ 186,464	\$ 352,500	\$ 538,964
Government grant contributions		39,975	39,975
Special events	243,521		243,521
Direct donor benefit costs of special events	(32,372)		(32,372)
Government service contract fees	99,286		99,286
Program service fees	217,641		217,641
Net investment return	<u>115,789</u>	<u>1,033,444</u>	<u>1,149,233</u>
Total revenue	830,329	1,425,919	2,256,248
Net assets released from restrictions:			
Program expenditures	1,663,761	(1,663,761)	
Capital expenditures	<u>1,370</u>	<u>(1,370)</u>	
Total	<u>2,495,460</u>	<u>(239,212)</u>	<u>2,256,248</u>
EXPENSES:			
Program services	2,174,064		2,174,064
Management and general	598,658		598,658
Fundraising	<u>455,974</u>		<u>455,974</u>
Total expenses	<u>3,228,696</u>		<u>3,228,696</u>
CHANGES IN NET ASSETS	(733,236)	(239,212)	(972,448)
Net assets, beginning of year	<u>2,155,368</u>	<u>8,087,287</u>	<u>10,242,655</u>
Net assets, end of year	<u>\$ 1,422,132</u>	<u>\$ 7,848,075</u>	<u>\$ 9,270,207</u>

*See accompanying notes to consolidated financial statements.*

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**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Consolidated Statement of Activities for the year ended December 31, 2024

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	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions <i>(Note 4)</i>	\$ 296,157	\$ 2,436,274	\$ 2,732,431
Special events	285,047		285,047
Direct donor benefit costs of special events	(39,161)		(39,161)
Government service contract fees	99,286		99,286
Program service fees	88,420		88,420
Net investment return	<u>171,951</u>	<u>981,758</u>	<u>1,153,709</u>
Total revenue	901,700	3,418,032	4,319,732
Net assets released from restrictions:			
Program expenditures	1,761,650	(1,761,650)	
Capital expenditures	<u>10,000</u>	<u>(10,000)</u>	
Total	<u>2,673,350</u>	<u>1,646,382</u>	<u>4,319,732</u>
EXPENSES:			
Program services	2,224,524		2,224,524
Management and general	618,584		618,584
Fundraising	<u>419,430</u>		<u>419,430</u>
Total expenses	<u>3,262,538</u>		<u>3,262,538</u>
CHANGES IN NET ASSETS	(589,188)	1,646,382	1,057,194
Net assets, beginning of year	<u>2,744,556</u>	<u>6,440,905</u>	<u>9,185,461</u>
Net assets, end of year	<u>\$ 2,155,368</u>	<u>\$ 8,087,287</u>	<u>\$ 10,242,655</u>

*See accompanying notes to consolidated financial statements.*

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**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Consolidated Statements of Cash Flows for the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (972,448)	\$ 1,057,194
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Contributions restricted for endowment		(16,750)
Amortization of operating lease right-of-use assets	123,226	116,972
Depreciation	21,493	4,997
Loss on disposal of asset		1,057
Net realized and unrealized gain on investments	(954,688)	(891,721)
Changes in operating assets and liabilities:		
Accounts receivable	(74,671)	(8,002)
Contributions receivable	134,429	(174,253)
Accrued interest receivable	(1,750)	(4,915)
Prepaid expenses	(5,368)	(452)
Accounts payable and accrued employee benefits	(32,603)	11,797
Refundable advance	28,025	(50,000)
Contract advance	(3,640)	5,590
Operating lease liabilities	<u>(64,807)</u>	<u>(143,842)</u>
Net cash used by operating activities	<u>(1,802,802)</u>	<u>(92,328)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	1,402,367	1,923,236
Purchases of investments	(866,421)	(1,273,641)
Net change in cash held as investments	147,356	(57,212)
Purchases of furniture and equipment	<u>(83,508)</u>	<u>(29,221)</u>
Net cash provided by investing activities	<u>599,794</u>	<u>563,162</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for endowment		<u>16,750</u>
<b>NET CHANGE IN CASH</b>	<b>(1,203,008)</b>	<b>487,584</b>
Cash, beginning of year	<u>1,674,591</u>	<u>1,187,007</u>
Cash and cash equivalents, end of year	<u>\$ 471,583</u>	<u>\$ 1,674,591</u>

*See accompanying notes to consolidated financial statements.*

**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Consolidated Statements of Functional Expenses for the years ended December 31, 2025 and 2024

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2025 TOTAL</u>
Salaries and related costs	\$ 1,711,103	\$ 454,790	\$ 342,155	\$ 2,508,048
Professional fees and contract services	243,411	77,743	39,935	361,089
Occupancy	100,837	25,929	30,382	157,148
Equipment and software expense	13,633	12,942	12,584	39,159
Transportation	32,309	2,195	1,938	36,442
Printing and publications	16,861	371	10,420	27,652
Depreciation	13,792	3,546	4,155	21,493
Conferences and meetings	9,593	7,664	3,308	20,565
Supplies, postage and shipping	8,231	2,486	2,601	13,318
Membership dues	7,945	2,809	1,480	12,234
Telephone	8,277	1,366	1,660	11,303
Other	<u>8,072</u>	<u>6,817</u>	<u>5,356</u>	<u>20,245</u>
Total expenses	<u>\$ 2,174,064</u>	<u>\$ 598,658</u>	<u>\$ 455,974</u>	3,228,696
Direct donor benefit costs of special events				<u>32,372</u>
Total				<u>\$ 3,261,068</u>

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2024 TOTAL</u>
Salaries and related costs	\$ 1,728,455	\$ 500,706	\$ 343,408	\$ 2,572,569
Professional fees and contract services	258,838	77,900	29,555	366,293
Occupancy	109,131	17,976	16,704	143,811
Equipment and software expense	21,519	2,429	6,472	30,420
Transportation	15,595	185	809	16,589
Printing and publications	9,923	5	7,044	16,972
Depreciation	3,792	625	580	4,997
Conferences and meetings	14,066	307	4,338	18,711
Supplies, postage and shipping	9,275	951	3,662	13,888
Membership dues	7,278	1,883	175	9,336
Telephone	10,523	906	872	12,301
Grants	25,750			25,750
Other	<u>10,379</u>	<u>14,711</u>	<u>5,811</u>	<u>30,901</u>
Total expenses	<u>\$ 2,224,524</u>	<u>\$ 618,584</u>	<u>\$ 419,430</u>	3,262,538
Direct donor benefit costs of special events				<u>39,161</u>
Total				<u>\$ 3,301,699</u>

*See accompanying notes to consolidated financial statements.*

# Mental Health America of Greater Houston, Inc. and MHA of Greater Houston Foundation, Inc.

Notes to Consolidated Financial Statements for the years ended December 31, 2025 and 2024

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## NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – Mental Health America of Greater Houston, Inc. (MHA of Greater Houston) is a Texas nonprofit, tax-exempt corporation formed to enhance the mental health of all Houstonians and improve the lives of those with mental illness. MHA of Greater Houston accomplishes this through collaborations, education, outreach, and advocacy.

MHA of Greater Houston Foundation, Inc. (the Foundation) is a Texas nonprofit, tax-exempt corporation formed to provide support for the programs of MHA of Greater Houston. The sole member of the Foundation is MHA of Greater Houston.

Federal income tax status – MHA of Greater Houston and the Foundation are exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code. MHA of Greater Houston is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi). The Foundation is classified as a public charity under §509(a)(3)(B)(i) as a Type I supporting organization.

Basis of consolidation – These consolidated financial statements include the assets, liabilities, net assets and activities of MHA of Greater Houston and the Foundation (collectively MHA). All balances and transactions between the consolidated entities have been eliminated.

Cash and cash equivalents – Cash held for investment purposes is grouped with investments and is excluded from cash for purposes of cash flow.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows, if material. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property and equipment is reported at cost. Depreciation is recognized on a straight-line basis over estimated useful lives of 3 to 7 years. Expenditures greater than \$500, with a useful life greater than one year, are capitalized.

Right-of-use assets are recognized at the present value of the lease payments at inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term. MHA utilizes the risk-free discount rate when the rate implicit in a lease is not readily determinable. MHA elected to separate the lease components and the non-lease components for equipment leases.

MHA has elected to not apply the recognition requirements of the lease standard to short-term leases; leases with a term of 12 months or less at inception. Instead, the leases are recognized as expense on a straight-line basis over the lease term.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Contributions and government grants are recognized as revenue at estimated fair value when an unconditional commitment is received from the donor. Contributions and government grants received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions and government grants are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional contributions and government grants are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as a refundable advance.

Non-cash contributions – Donated materials and use of facilities are recognized at estimated fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. 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.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Amounts received for future events represent conditional contributions and are reported in the statement of financial position as refundable advance – special events revenue until earned. Direct donor benefit costs represent the costs of goods and services provided to attendees of the special event.

Government service contract fees and program service fees are derived from contracts with independent school districts, schools, other not-for-profits, and government agencies in Harris and surrounding counties to provide training on recognizing and addressing mental health issues. The revenue is recognized as the performance obligations are satisfied in an amount that reflects the consideration that MHA expects to be entitled to in exchange for those services based on negotiated contract terms. All performance obligations related to revenue from contracts with customers are satisfied based on the output method over a period of time as the training is provided. Service fees are due in accordance with negotiated terms of the contract and the invoice is due upon receipt. Amounts receivable represent non-interest bearing balances due for services for which all performance obligations have been performed and are recognized at their net realizable value.

Management estimates expected credit losses based on historical collection experience, adjusted for management's expectations about current and future economic conditions. MHA had no material adjustments related to subsequent changes in the estimate of the transaction price or subsequent changes as a result of an adverse change in an organization's ability to pay for the periods reported. There are no expected credit losses at December 31, 2025 and 2024.

Amounts received in advance of satisfying performance obligations are reported as a contract advance in the statement of financial position. Accounts receivable at December 31, 2025, 2024, and 2023 were \$95,944, \$21,273 and \$13,271, respectively. Contract advances at December 31, 2025, 2024, and 2023 were \$3,300, \$6,940, and \$1,350, respectively.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Occupancy, maintenance, and other costs are directly charged when specifically related to a function and allocated on the basis of employee head count when attributable to more than one activity.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 471,583	\$ 1,674,591
Accounts receivable	95,944	21,273
Contributions receivable	107,098	241,527
Accrued interest receivable	28,388	26,638
Investments	<u>8,625,234</u>	<u>8,353,848</u>
Total financial assets	9,328,247	10,317,877
Less financial assets not available for general expenditure:		
Donor-restricted endowment assets not approved for use in coming year	(6,856,783)	(6,033,084)
Donor-restricted contributions not expected to be used in coming year	(216,428)	(200,688)
Board-designated funds for operating reserves not approved for use in coming year	<u>(765,000)</u>	<u>(765,000)</u>
Total financial assets available for general expenditure	<u>\$ 1,490,036</u>	<u>\$ 3,319,105</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, MHA considers all expenditures related to its ongoing activities of collaborations, education, outreach and advocacy on mental health, as well as the conduct of services undertaken to support those activities, to be general expenditures.

MHA receives significant contributions restricted by donors and government contract and service fees for specific programs which are ongoing, major, and central to its annual operations and considers these funds to be available to meet its cash needs for general expenditures. MHA’s Board of Directors has designated unrestricted resources for operating reserves. These funds are invested, but remain available and may be spent at the discretion of the Board of Directors. Additionally, included in financial assets available for general expenditure is the projected endowment appropriation for fiscal year 2026.

### NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2025</u>	<u>2024</u>
Demand deposits	\$ 202,575	\$ 220,527
Money market mutual funds	<u>269,008</u>	<u>1,454,064</u>
Total cash and cash equivalents	<u>\$ 471,583</u>	<u>\$ 1,674,591</u>

### NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2025 are expected to be collected within one year.

Approximately 93% and 87% of contributions receivable are due from three donors and two donors for the years ended December 31, 2025 and 2024, respectively. Approximately 48% of contributions were received from three donors in fiscal years 2025 and 2024.

### NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2025 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Common stocks:				
Technology and communications	\$ 2,455,836			\$ 2,455,836
Financial industry	852,952			852,952
Consumer goods and services	595,185			595,185
Industrial goods and services	508,054			508,054
Healthcare	397,586			397,586
Energy and related industries	248,743			248,743
Materials	112,898			112,898
Utilities	12,290			12,290
Negotiable certificates of deposit		\$ 1,593,641		1,593,641
Corporate bonds		1,512,921		1,512,921
Money market mutual funds	193,169			193,169
Exchange-traded funds	<u>135,624</u>			<u>135,624</u>
Total assets measured at fair value	<u>\$ 5,512,337</u>	<u>\$ 3,106,562</u>	<u>\$ 0</u>	8,618,899
Cash held as investment				<u>6,335</u>
Total investments				<u>\$ 8,625,234</u>

Assets measured at fair value at December 31, 2024 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Common stocks:				
Technology and communications	\$ 1,866,712			\$ 1,866,712
Financial industry	676,010			676,010
Consumer goods and services	636,125			636,125
Industrial goods and services	515,572			515,572
Healthcare	405,231			405,231
Energy and related industries	241,541			241,541
Materials	93,525			93,525
Real estate	12,839			12,839
Negotiable certificates of deposit		\$ 2,160,708		2,160,708
Corporate bonds		1,444,717		1,444,717
Exchange-traded funds	124,063			124,063
U. S. Treasury notes	<u>23,114</u>			<u>23,114</u>
Total assets measured at fair value	<u>\$ 4,594,732</u>	<u>\$ 3,605,425</u>	<u>\$ 0</u>	8,200,157
Cash held as investment				<u>153,691</u>
Total investments				<u>\$ 8,353,848</u>

Valuation methods used for assets measured at fair value are as follows:

- *Common stocks* and *exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Negotiable certificates of deposit* and *corporate bonds* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values.
- *Mutual funds* are valued at the reported net asset value.
- *U. S. Treasury notes* are valued using prices obtained from active markets and inter-dealer brokers on a daily basis.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MHA believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, 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 statement of financial position and statement of activities.

## NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	<u>2025</u>	<u>2024</u>
Office furniture and equipment	\$ 157,133	\$ 156,731
Leasehold improvements	172,111	84,701
Intellectual property	10,000	18,573
Artwork	<u>12,850</u>	<u>12,850</u>
Total property and equipment	352,094	272,855
Accumulated depreciation	<u>(248,750)</u>	<u>(231,526)</u>
Property and equipment, net	<u>\$ 103,344</u>	<u>\$ 41,329</u>

## NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 657,132	\$ 1,390,368
Board-designated operating reserve	<u>765,000</u>	<u>765,000</u>
Total net assets without donor restrictions	<u>\$ 1,422,132</u>	<u>\$ 2,155,368</u>

MHA's policy for board-designated reserves stipulates that the Board of Directors has the authority to designate the use of *net assets without donor restrictions* and approve the use of those designated net assets.

## NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Program activities	<u>\$ 791,292</u>	<u>\$ 1,854,203</u>
Endowments subject to spending policy and appropriation:		
Swalm Center for Community Action	5,628,568	4,971,577
Maureen Hackett Endowed Fund for Public Policy	773,266	683,007
General endowment	<u>654,949</u>	<u>578,500</u>
Total endowments	<u>7,056,783</u>	<u>6,233,084</u>
Total net assets with donor restrictions	<u>\$ 7,848,075</u>	<u>\$ 8,087,287</u>

## NOTE 9 – ENDOWMENT FUNDS

The Foundation's endowment was established to provide long-term support to community action, public policy and general operating support. Donor-restricted endowment funds are maintained in accordance with explicit donor stipulations and are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). TUPMIFA provides guidelines about what constitutes prudent spending and explicitly requires consideration of preservation of the fund. The Board of Trustees of the Foundation has interpreted TUPMIFA as requiring a focus on the entirety of donor-restricted endowment funds, including original gift amounts and net appreciation, allowing the Foundation to appropriate for expenditure or

accumulate as much of an endowment fund as considered prudent for the uses, benefits, purposes, and duration for which the fund was established, subject to explicit donor stipulations.

As a result of this interpretation, the Foundation classifies contributions to an endowment plus any donor-stipulated accumulations as *net assets with donor restrictions* required to be maintained in perpetuity. This amount is not reduced by investment losses or by appropriation and spending. The portion of the endowment not required to be maintained in perpetuity is also classified as *net assets with donor restrictions* until appropriated in accordance with spending policies and used for the stipulated purpose, if any.

An endowment fund is *underwater* if the fair value of the fund’s investments falls below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance with prudent spending. There were no such deficiencies at December 31, 2025 or 2024.

### Spending Policy

The Foundation has adopted a policy of appropriating for distribution each year 4%-5% of the lesser of 1) a rolling 36-month average unit of values of the endowment fund or 2) the unit value of the endowment fund at December 31. The Board of Trustees of the Foundation reviews this policy annually. Any distributions from the corpus must be approved by two-thirds of the members of the Board of Trustees of the Foundation and MHA of Greater Houston.

### Investment Policy

Endowment funds are maintained in investment accounts which are managed by the Foundation’s Board of Trustees with oversight provided by independent investment managers. Investment decisions follow guidance provided in an investment policy approved by the Board of Trustees of the Foundation. The investment policies attempt to provide a predictable stream of funding to programs supported while seeking to maintain the purchasing power of the endowment assets. The Foundation expects its endowment funds, over time, to provide an average rate-of-return of approximately 4-6 percentage points. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on a blend of equity-based investments and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Changes in endowment net assets are as follows:

	<u>WITH DONOR RESTRICTIONS</u>		
	<u>ACCUMULATED</u>	<u>REQUIRED TO BE</u>	
	<u>NET INVESTMENT</u>	<u>MAINTAINED</u>	
	<u>RETURN</u>	<u>IN PERPETUITY</u>	<u>TOTAL</u>
Endowment net assets, December 31, 2023	\$ 1,945,659	\$ 3,498,089	\$ 5,443,748
Contributions		16,750	16,750
Net investment return	981,758		981,758
Distributions	<u>(209,172)</u>		<u>(209,172)</u>
Endowment net assets, December 31, 2024	2,718,245	3,514,839	6,233,084
Net investment return	1,033,443		1,033,443
Distributions	<u>(209,744)</u>		<u>(209,744)</u>
Endowment net assets, December 31, 2025	<u>\$ 3,541,944</u>	<u>\$ 3,514,839</u>	<u>\$ 7,056,783</u>

## NOTE 10 – RETIREMENT PLAN

MHA maintains a contributory benefit plan that covers substantially all of its full-time employees. MHA contributes 6% of a participant’s base salary to the plan and also matches the first 4% of additional voluntary employee contributions to the plan. Contributions to the plan were \$116,542 and \$116,863 for years ended December 31, 2025 and 2024, respectively.

## NOTE 11 – LEASE AGREEMENTS

MHA has long-term leases for office space and equipment from unrelated parties under operating lease agreements. Operating lease costs for the year ended December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 139,811	\$ 139,811
Short-term lease costs	<u>5,802</u>	<u>1,106</u>
Total lease costs	<u>\$ 145,613</u>	<u>\$ 140,917</u>

Cash paid for amounts included in the measurement of operating lease liabilities during the years ended December 31, 2025 and 2024 are \$81,393 and \$166,681, respectively.

The weighted-average term and discount rate for operating leases outstanding as of December 31 as follows:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term	33 months	45 months
Weighted-average discount rate	3.57%	3.57%

Undiscounted cash flows related to operating lease liabilities at December 31, 2025 are as follows:

2026	\$ 129,919
2027	174,769
2028	<u>132,731</u>
Total undiscounted cash flows	437,419
Less present value discount	<u>(22,570)</u>
Total present value of lease liabilities	<u>\$ 414,849</u>

## NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2026, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Supplemental Consolidating Statement of Financial Position as of December 31, 2025

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	MHA OF GREATER <u>HOUSTON</u>	<u>FOUNDATION</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 467,317	\$ 4,266	\$ 471,583
Accounts receivable	95,944		95,944
Contributions receivable	107,098		107,098
Accrued interest receivable	7,464	20,924	28,388
Prepaid assets	17,325		17,325
Operating investments	1,593,641		1,593,641
Endowment investments		7,031,593	7,031,593
Property and equipment, net	103,344		103,344
Operating lease right-of-use assets, net	<u>361,911</u>		<u>361,911</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,754,044</u>	<u>\$ 7,056,783</u>	<u>\$ 9,810,827</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts payable	\$ 27,781		\$ 27,781
Accrued employee benefits	66,665		66,665
Refundable advance government grant	28,025		28,025
Contract advance	3,300		3,300
Operating lease liabilities	<u>414,849</u>		<u>414,849</u>
Total liabilities	<u>540,620</u>		<u>540,620</u>
Net assets:			
Without donor restrictions	1,422,132		1,422,132
With donor restrictions	<u>791,292</u>	<u>\$ 7,056,783</u>	<u>7,848,075</u>
Total net assets	<u>2,213,424</u>	<u>7,056,783</u>	<u>9,270,207</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,754,044</u>	<u>\$ 7,056,783</u>	<u>\$ 9,810,827</u>

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**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Supplemental Consolidating Statement of Financial Position as of December 31, 2024

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	MHA OF GREATER <u>HOUSTON</u>	<u>FOUNDATION</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash	\$ 1,653,576	\$ 21,015	\$ 1,674,591
Accounts receivable	21,273		21,273
Contributions receivable	241,527		241,527
Accrued interest receivable	7,709	18,929	26,638
Prepaid assets	11,957		11,957
Operating investments	2,160,708		2,160,708
Endowment investments		6,193,140	6,193,140
Property and equipment, net	41,329		41,329
Operating lease right-of-use assets, net	<u>485,137</u>		<u>485,137</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,623,216</u>	<u>\$ 6,233,084</u>	<u>\$ 10,856,300</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 57,136		\$ 57,136
Accrued employee benefits	69,913		69,913
Contract advance	6,940		6,940
Operating lease liabilities	<u>479,656</u>		<u>479,656</u>
Total liabilities	<u>613,645</u>		<u>613,645</u>
<b>Net assets:</b>			
Without donor restrictions	2,155,368		2,155,368
With donor restrictions	<u>1,854,203</u>	<u>\$ 6,233,084</u>	<u>8,087,287</u>
Total net assets	<u>4,009,571</u>	<u>6,233,084</u>	<u>10,242,655</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,623,216</u>	<u>\$ 6,233,084</u>	<u>\$ 10,856,300</u>

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**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Supplemental Consolidating Statement of Activities for the year ended December 31, 2025

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	MHA OF GREATER <u>HOUSTON</u>	<u>FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
REVENUE:				
Contributions	\$ 738,964		\$ (200,000)	\$ 538,964
Government grant contributions	39,975			39,975
Special events	243,521			243,521
Direct donor benefit costs of special events	(32,372)			(32,372)
Government service contract fees	99,286			99,286
Program service fees	217,641			217,641
Net investment return	<u>115,789</u>	<u>\$ 1,033,444</u>		<u>1,149,233</u>
Total revenue	<u>1,422,804</u>	<u>1,033,444</u>	<u>(200,000)</u>	<u>2,256,248</u>
EXPENSES:				
Program services	2,174,064	200,000	(200,000)	2,174,064
Management and general	588,913	9,745		598,658
Fundraising	<u>455,974</u>			<u>455,974</u>
Total expenses	<u>3,218,951</u>	<u>209,745</u>	<u>(200,000)</u>	<u>3,228,696</u>
CHANGES IN NET ASSETS	(1,796,147)	823,699	0	(972,448)
Net assets, beginning of year	<u>4,009,571</u>	<u>6,233,084</u>	<u>0</u>	<u>10,242,655</u>
Net assets, end of year	<u>\$ 2,213,424</u>	<u>\$ 7,056,783</u>	<u>\$ 0</u>	<u>\$ 9,270,207</u>

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**Mental Health America of Greater Houston, Inc. and  
MHA of Greater Houston Foundation, Inc.**

Supplemental Consolidating Statement of Activities for the year ended December 31, 2024

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	MHA OF GREATER <u>HOUSTON</u>	<u>FOUNDATION</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
REVENUE:				
Contributions	\$ 2,914,431	\$ 18,000	\$ (200,000)	\$ 2,732,431
Special events	285,047			285,047
Direct donor benefit costs of special events	(39,161)			(39,161)
Government service contract fees	99,286			99,286
Program service fees	88,420			88,420
Net investment return	<u>171,951</u>	<u>981,758</u>		<u>1,153,709</u>
Total revenue	<u>3,519,974</u>	<u>999,758</u>	<u>(200,000)</u>	<u>4,319,732</u>
EXPENSES:				
Program services	2,224,524	200,000	(200,000)	2,224,524
Management and general	608,162	10,422		618,584
Fundraising	<u>419,430</u>			<u>419,430</u>
Total expenses	<u>3,252,116</u>	<u>210,422</u>	<u>(200,000)</u>	<u>3,262,538</u>
CHANGES IN NET ASSETS	267,858	789,336	0	1,057,194
Net assets, beginning of year	<u>3,741,713</u>	<u>5,443,748</u>	<u>0</u>	<u>9,185,461</u>
Net assets, end of year	<u>\$ 4,009,571</u>	<u>\$ 6,233,084</u>	<u>\$ 0</u>	<u>\$ 10,242,655</u>

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