

NATIONAL ALLIANCE FOR CAREGIVING

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Alliance for Caregiving
Washington, D.C.

We have audited the accompanying financial statements of National Alliance for Caregiving, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Alliance for Caregiving as of December 31, 2019 and 2018, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, National Alliance for Caregiving adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs, LLP
Alexandria, Virginia
July 15, 2020

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 969,961	\$ 549,941
Promises to give	130,108	17,768
Accounts receivable (net of allowance of \$6,850 and \$0, respectively)	110,072	14,087
Due from International Alliance of Carer Organizations	7,076	34,799
Prepaid expenses	5,368	6,000
Total current assets	1,222,585	622,595
EQUIPMENT AND FURNITURE		
Equipment and furniture	11,153	6,961
Less accumulated depreciation	(6,452)	(5,599)
Equipment and furniture, net	4,701	1,362
OTHER ASSETS		
Security deposit	5,368	-
Total assets	\$ 1,232,654	\$ 623,957
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 51,518	\$ 43,053
Accrued payroll	34,371	1,537
Accrued vacation	8,942	6,346
Deferred lease liability	9,892	-
Deferred sponsorships	53,579	132,000
Deferred membership dues	75,000	60,000
Deferred grants and contracts	743,574	26,292
Total liabilities	976,876	269,228
NET ASSETS		
Without donor restrictions	222,606	216,384
With donor restrictions	33,172	138,345
Total net assets	255,778	354,729
Total liabilities and net assets	\$ 1,232,654	\$ 623,957

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contracts	\$ 445,469	\$ -	\$ 445,469	\$ 62,526	\$ 308,745	\$ 371,271
Membership dues	398,175	-	398,175	223,375	-	223,375
Contributions and sponsorships	335,970	-	335,970	143,985	-	143,985
IACO secretariat fees	39,086	-	39,086	44,799	-	44,799
Honoraria and stipends	3,653	-	3,653	8,531	-	8,531
Conference registrations	5,650	-	5,650	4,987	-	4,987
Interest	1,577	-	1,577	796	-	796
Other revenue	8,823	-	8,823	4,755	-	4,755
Total support and revenue	1,238,403	-	1,238,403	493,754	308,745	802,499
EXPENSES						
Program services	956,701	-	956,701	648,561	-	648,561
Management and general	321,231	-	321,231	285,320	-	285,320
Fundraising	59,422	-	59,422	51,374	-	51,374
Total expenses	1,337,354	-	1,337,354	985,255	-	985,255
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	105,173	(105,173)	-	406,143	(406,143)	-
Change in net assets	6,222	(105,173)	(98,951)	(85,358)	(97,398)	(182,756)
Net assets at beginning of year	216,384	138,345	354,729	301,742	235,743	537,485
Net assets at end of year	<u>\$ 222,606</u>	<u>\$ 33,172</u>	<u>\$ 255,778</u>	<u>\$ 216,384</u>	<u>\$ 138,345</u>	<u>\$ 354,729</u>

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2019 and 2018

<u>2019</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries & wages	\$ 329,079	\$ 147,303	\$ 41,309	\$ 517,691
Fringe benefits	79,778	28,981	10,401	119,160
Professional fees	133,785	81,445	1,638	216,868
Grants & honoraria	256,334	-	-	256,334
Office supplies	12,910	7,566	1,075	21,551
Telephone	7,292	2,456	724	10,472
Printing & reproduction	33,630	3,539	-	37,169
Occupancy	24,349	8,201	2,416	34,966
Travel, meetings & conferences	68,971	3,667	1,371	74,009
Dues & subscriptions	10,476	5,160	488	16,124
Bad debt expense	-	28,980	-	28,980
Other expenses	97	3,933	-	4,030
Total expenses	\$ 956,701	\$ 321,231	\$ 59,422	\$ 1,337,354
<u>2018</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries & wages	\$ 216,074	\$ 117,748	\$ 37,427	\$ 371,249
Fringe benefits	56,608	28,797	9,817	95,222
Professional fees	82,613	103,498	1,177	187,288
Grants & honoraria	93,219	-	-	93,219
Office supplies	12,490	6,945	510	19,945
Telephone	1,775	2,471	234	4,480
Printing & reproduction	51,025	272	-	51,297
Occupancy	10,469	15,227	1,440	27,136
Travel, meetings & conferences	115,746	7,622	769	124,137
Dues & subscriptions	7,260	-	-	7,260
Other expenses	1,282	2,740	-	4,022
Total expenses	\$ 648,561	\$ 285,320	\$ 51,374	\$ 985,255

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (98,951)	\$ (182,756)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	853	11
(Increase) decrease in assets		
Promises to give	(112,340)	2,440
Accounts receivable	(95,985)	913
Due from International Alliance of Carer Organizations	27,723	10,201
Prepaid expenses	632	(2,453)
Security deposit	(5,368)	-
Increase (decrease) in liabilities		
Accounts payable	8,465	29,674
Accrued payroll	32,834	1,537
Accrued vacation	2,596	658
Deferred lease liability	9,892	-
Deferred sponsorships	(78,421)	132,000
Deferred membership dues	15,000	(25,000)
Deferred grants and contracts	717,282	(23,708)
Net cash flows from operating activities	424,212	(56,483)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and furniture	(4,192)	(1,373)
Change in cash	420,020	(57,856)
Cash at beginning of year	549,941	607,797
Cash at end of year	\$ 969,961	\$ 549,941

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

National Alliance for Caregiving (NAC) is a non-profit coalition of national organizations focusing on issues of family caregiving. NAC members include grassroots organizations, professional associations, service organizations, disease-specific organizations, government agencies, and corporations. NAC conducts research, policy analysis, develops national programs to increase public awareness of family caregiving issues and works to strengthen state and local caregiving coalitions, and represent the United States caregiving communities internationally. Recognizing that family caregivers provide important societal and financial contributions toward maintaining the well-being of those they care for, NAC's mission is to be the objective national resource on family caregiving with the goal of improving the quality of life for families and care recipients.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. At December 31, 2019 and 2018, all unconditional promises to give are collectible within one year.

Accounts Receivable

Accounts receivable primarily consists of dues. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Equipment and Furniture

Purchased equipment and furniture is capitalized and recorded at cost. Donated equipment and furniture are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives, which range from three to ten years. Depreciation expense was \$853 and \$11 for the years ended December 31, 2019 and 2018.

Grants and Contributions

Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

NAC's annual membership period is the calendar year. Membership benefits include access to member-only educational trainings and discounted materials and support. NAC recognizes revenue from membership dues ratably over the membership period. Membership dues received in advance of the applicable membership period are deferred and recognized as revenue in that future period. Membership dues are nonrefundable.

Revenues from conferences and trainings are generally considered to be single performance obligations that are satisfied at the point in time when the convention or respective educational training takes place.

Revenues from IACO secretariat fees are recorded as revenue when earned. Revenue is earned when services are performed on a monthly basis.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries & wages, fringe benefits, professional fees, office supplies, telephone, occupancy, and travel, meetings & conferences, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax Status

NAC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NAC's tax-exempt purpose is subject to taxation as unrelated business income. In addition, NAC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management's Review

In preparing these financial statements, NAC has evaluated events and transactions for potential recognition or disclosure through July 15, 2020, the date the financial statements were available to be issued.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Guidance

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

NAC adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, NAC elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

NAC's revenue from contracts with customers, which consists of paid research, is recognized at a point in time when specific deliverables are provided to the customer. In addition, NAC's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on NAC's financial statements. Based on NAC's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. NAC adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

NAC maintains its cash balances in two financial institutions located in Bethesda, Maryland. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019 and 2018, NAC's uninsured cash balances total approximately \$474,000 and \$82,000, respectively.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 3 – NET ASSETS

In October 2017, NAC’s governing board of directors has designated, from net assets without donor restrictions, \$280,000 for the purpose of creating a liquidity operating reserve. The operating reserve is based upon budgeted expense and an estimate of average operating costs for a six month period. These funds have been segregated and are on deposit in an interest bearing account with a financial institution. Future use of this operating reserve requires approval by the board of directors.

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
RWJF Roundtable	\$ -	\$ 1,739
Patient Focused Drug Development	-	13,700
IBD Study	33,172	100,165
Caring Across Generations	-	22,741
	\$ 33,172	\$ 138,345

NOTE 4 – RELATED PARTY TRANSACTIONS

NAC is related to International Alliance of Carer Organizations (IACO) through shared management, facilities, and some common board members. Management fees and expenses incurred by NAC on behalf of IACO are invoiced and reimbursed as funds allow. For the years ended December 31, 2019 and 2018, NAC earned management fees of \$39,086 and \$44,799, respectively. At December 31, 2019 and 2018, \$7,076 and \$34,799 was due to NAC from IACO.

NOTE 5 – PENSION PLAN

NAC maintains a 403(b) defined contribution pension plan. NAC has the ability to contribute to eligible employees enrolled in the plan on an annual basis at NAC’s discretion. Pension expense under this plan for the years ended December 31, 2019 and 2018 was \$41,194 and \$43,863, respectively.

NOTE 6 – CONTINGENCY

Reimbursements from grant related expenses and overhead applicable to programs are subject to audits by the granting agencies, which may result in adjustments for disallowed costs. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

NOTE 7 – SUBSEQUENT EVENT

NAC’s operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on NAC is uncertain; however, it may result in a material adverse impact on NAC’s financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to NAC’s donors and revenues and absenteeism in NAC’s workforce.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following reflects NAC’s financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed or other restrictions:

	2019	2018
Financial assets at end of year		
Cash	\$ 969,961	\$ 549,941
Promises to give	130,108	17,768
Accounts receivable	110,072	14,087
Due from International Alliance of Carer Organizations	7,076	34,799
 Total financial assets	 1,217,217	 616,595
Less amounts unavailable for general expenditures within one year:		
Designated by board of directors for liquidity reserve	(280,000)	(280,000)
Restricted by donors with purpose restrictions	(33,172)	(138,345)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 904,045	 \$ 198,250

NAC’s goal is to maintain a reserve balance of \$280,000, which is the equivalent of roughly six months of operating expenses. While excluded from amounts available for general expenditures within one year, these funds could be made available if needed subject to board approval. As part of NAC’s liquidity management, it has a policy to structure its financial assets to be available as expenditures, liabilities, and other obligations come due.

NOTE 9 – OFFICE LEASE

NAC leased its office space on a month-to-month basis through September 2019. NAC entered into an operating lease for office space at a location in Washington, D.C., commencing on September 15, 2019 and expiring December 30, 2021. The lease requires monthly payments of \$5,368, increasing 4% each lease year. For financial statement reporting purposes, annual rent expense will be recognized evenly across the term of the leases, taking the total lease payments divided by the total months of the lease. Any difference in cash payments and rent recognized is adjusted through the deferred lease liability on the statements of financial position. Rent expense for the years ended December 31, 2019 and 2018 totaled \$34,966 and \$27,136, respectively.

Future minimum payments under this lease agreement for years ending December 31 are as follows:

2020		\$ 65,698
2021		68,326