

NATIONAL ALLIANCE FOR CAREGIVING

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of National Alliance for Caregiving, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of National Alliance for Caregiving as of December 31, 2021 and 2020, 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 (GAAS). 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 National Alliance for Caregiving 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 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.

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 National Alliance for Caregiving's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 National Alliance for Caregiving'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 National Alliance for Caregiving'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.



Wegner CPAs, LLP
Alexandria, Virginia
April 25, 2022

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,072,853 | \$ 1,072,371 |
| Unconditional promises to give | 150,000 | 17,842 |
| Accounts receivable, net | 161,562 | 46,912 |
| Prepaid expenses | <u>10,525</u> | <u>12,980</u> |
| Total current assets | 1,394,940 | 1,150,105 |
| EQUIPMENT AND FURNITURE | | |
| Equipment and furniture | 11,153 | 11,153 |
| Less accumulated depreciation | <u>(8,384)</u> | <u>(7,418)</u> |
| Equipment and furniture, net | 2,769 | 3,735 |
| OTHER ASSETS | | |
| Security deposit | <u>12,713</u> | <u>5,368</u> |
| Total assets | <u><u>\$ 1,410,422</u></u> | <u><u>\$ 1,159,208</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 33,088 | \$ 25,905 |
| Accrued payroll | 109,745 | 49,128 |
| Accrued vacation | 7,662 | 11,894 |
| Deferred lease liability | - | 6,249 |
| Deferred membership dues | 189,000 | 131,000 |
| Deferred grants and contracts | <u>615,587</u> | <u>695,838</u> |
| Total liabilities | 955,082 | 920,014 |
| NET ASSETS | | |
| Without donor restrictions | 305,340 | 239,194 |
| With donor restrictions | <u>150,000</u> | <u>-</u> |
| Total net assets | <u>455,340</u> | <u>239,194</u> |
| Total liabilities and net assets | <u><u>\$ 1,410,422</u></u> | <u><u>\$ 1,159,208</u></u> |

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 | | |
|--|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUE | | | | | | |
| Grants and contracts | \$ 794,384 | \$ - | \$ 794,384 | \$ 605,738 | \$ - | \$ 605,738 |
| Membership dues | 462,800 | - | 462,800 | 481,035 | - | 481,035 |
| Contributions and sponsorships | 235,341 | 150,000 | 385,341 | 185,490 | - | 185,490 |
| IACO secretariat fees | - | - | - | 14,067 | - | 14,067 |
| Honoraria and stipends | 12,494 | - | 12,494 | 5,150 | - | 5,150 |
| Interest | 2,739 | - | 2,739 | 1,011 | - | 1,011 |
| Other revenue | 21 | - | 21 | 6 | - | 6 |
| Total support and revenue | 1,507,779 | 150,000 | 1,657,779 | 1,292,497 | - | 1,292,497 |
| EXPENSES | | | | | | |
| Program services | 941,590 | - | 941,590 | 892,715 | - | 892,715 |
| Management and general | 417,476 | - | 417,476 | 322,969 | - | 322,969 |
| Fundraising | 82,567 | - | 82,567 | 93,397 | - | 93,397 |
| Total expenses | 1,441,633 | - | 1,441,633 | 1,309,081 | - | 1,309,081 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | | | | |
| Satisfaction of purpose restrictions | - | - | - | 33,172 | (33,172) | - |
| Change in net assets | 66,146 | 150,000 | 216,146 | 16,588 | (33,172) | (16,584) |
| Net assets at beginning of year | 239,194 | - | 239,194 | 222,606 | 33,172 | 255,778 |
| Net assets at end of year | <u>\$ 305,340</u> | <u>\$ 150,000</u> | <u>\$ 455,340</u> | <u>\$ 239,194</u> | <u>\$ -</u> | <u>\$ 239,194</u> |

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

| <u>2021</u> | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries & wages | \$ 489,070 | \$ 232,276 | \$ 58,735 | \$ 780,081 |
| Fringe benefits | 133,903 | 40,852 | 16,562 | 191,317 |
| Professional fees | 137,196 | 98,843 | 596 | 236,635 |
| Grants & honoraria | 28,280 | - | - | 28,280 |
| Office supplies | 21,512 | 2,577 | 2,290 | 26,379 |
| Telephone | 10,254 | 2,526 | 716 | 13,496 |
| Printing & reproduction | 61,103 | 138 | 19 | 61,260 |
| Occupancy | 46,655 | 11,493 | 3,259 | 61,407 |
| Travel, meetings & conferences | 676 | 786 | 135 | 1,597 |
| Dues & subscriptions | 12,814 | 4,679 | - | 17,493 |
| Bad debt expense | - | 20,350 | - | 20,350 |
| Other expenses | 127 | 2,956 | 255 | 3,338 |
| Total expenses | <u>\$ 941,590</u> | <u>\$ 417,476</u> | <u>\$ 82,567</u> | <u>\$ 1,441,633</u> |
| | | | | |
| <u>2020</u> | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
| Salaries & wages | \$ 452,742 | \$ 142,247 | \$ 64,293 | \$ 659,282 |
| Fringe benefits | 126,767 | 17,177 | 18,003 | 161,947 |
| Professional fees | 124,640 | 93,663 | 1,777 | 220,080 |
| Grants & honoraria | 72,000 | - | - | 72,000 |
| Office supplies | 15,832 | 804 | 1,933 | 18,569 |
| Telephone | 9,593 | 3,021 | 1,334 | 13,948 |
| Printing & reproduction | 24,042 | 2,185 | 33 | 26,260 |
| Occupancy | 42,237 | 13,302 | 5,872 | 61,411 |
| Travel, meetings & conferences | 14,863 | 5,743 | - | 20,606 |
| Dues & subscriptions | 9,498 | 1,955 | - | 11,453 |
| Bad debt expense | - | 37,228 | - | 37,228 |
| Other expenses | 501 | 5,644 | 152 | 6,297 |
| Total expenses | <u>\$ 892,715</u> | <u>\$ 322,969</u> | <u>\$ 93,397</u> | <u>\$ 1,309,081</u> |

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 216,146 | \$ (16,584) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Bad debt expense | 20,350 | 37,228 |
| Depreciation | 966 | 966 |
| (Increase) decrease in assets | | |
| Unconditional promises to give | (132,158) | 112,266 |
| Accounts receivable, net | (135,000) | 25,932 |
| Due from International Alliance of Carer Organizations | - | 7,076 |
| Prepaid expenses | 2,455 | (7,612) |
| Security deposit | (7,345) | - |
| Increase (decrease) in liabilities | | |
| Accounts payable | 7,183 | (25,613) |
| Accrued payroll | 60,617 | 14,757 |
| Accrued vacation | (4,232) | 2,952 |
| Deferred lease liability | (6,249) | (3,643) |
| Deferred sponsorships | - | (53,579) |
| Deferred membership dues | 58,000 | 56,000 |
| Deferred grants and contracts | (80,251) | (47,736) |
| Change in cash | 482 | 102,410 |
| Cash at beginning of year | 1,072,371 | 969,961 |
| Cash at end of year | \$ 1,072,853 | \$ 1,072,371 |

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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. NAC is primarily funded through grants and contracts and membership dues.

Unconditional 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, 2021 and 2020, 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. As of December 31, 2021 and 2020, accounts receivable are reported net of an allowance for doubtful accounts of \$18,100 and \$10,000, respectively.

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 \$966 for each of the years ended December 31, 2021 and 2020.

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.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 recognized when the convention or respective educational training takes place.

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.

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 April 25, 2022, the date the financial statements were available to be issued.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

NAC maintains its cash balances in three financial institutions located in Washington, D.C. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, NAC's cash balances exceed the FDIC insurance amount. Management believes the risk in these situations to be minimal.

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. In June 2021, the reserve policy was amended to \$240,000. The operating reserve is based upon budgeted expense and an estimate of average operating costs. 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 included \$150,000 subject to time restrictions as of December 31, 2021. There were no net assets with donor restrictions as of December 31, 2020.

NOTE 4 – RELATED PARTY TRANSACTIONS

NAC was related to International Alliance of Carer Organizations (IACO) through shared management, facilities, and some common board members. Effective December 31, 2020, the relationship with IACO was ended as IACO underwent a dissolution. Management fees and expenses incurred by NAC on behalf of IACO were invoiced and reimbursed as funds allow. For the year ended December 31, 2020, NAC earned management fees of \$14,067.

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. For the year ended December 31, 2021 and 2020, NAC contributed 10% of eligible compensation. Pension expense under this plan for the years ended December 31, 2021 and 2020 was \$68,940 and \$64,720, respectively.

NOTE 6 – OFFICE LEASE

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 required monthly payments of \$5,368, increasing 4% each lease year. Rent expense for the years ended December 31, 2021 and 2020 totaled \$61,407 and \$61,411, respectively.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 – OFFICE LEASE (continued)

Upon expiration of the lease, NAC entered into an operating lease for office space at a location in Washington, D.C., commencing on January 1, 2022 and expiring August 31, 2029. The lease requires monthly payments of \$6,356, increasing 4% each lease year with no rent due the first eight months. 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 accrued rent liability on the statements of financial position. The lease allows for a relocation allowance of \$8,475.

Future minimum payments under this lease agreement are as follows:

| | | |
|------------|----|---------|
| 2022 | \$ | 25,425 |
| 2023 | | 79,326 |
| 2024 | | 82,499 |
| 2025 | | 85,799 |
| 2026 | | 89,231 |
| Thereafter | | 256,227 |

NOTE 7 – 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:

| | 2021 | 2020 |
|--|--------------|--------------|
| Financial assets at end of year | | |
| Cash | \$ 1,072,853 | \$ 1,072,371 |
| Promises to give | 150,000 | 17,842 |
| Accounts receivable | 161,562 | 46,912 |
| Total financial assets | 1,384,415 | 1,137,125 |
| Less amounts unavailable for general expenditures within one year: | | |
| Designated by board of directors for liquidity reserve | (240,000) | (280,000) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,144,415 | \$ 857,125 |

NAC's goal is to maintain a reserve balance of \$240,000, which is the equivalent of roughly three 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.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 8 – 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.