

NATIONAL ALLIANCE FOR CAREGIVING

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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.

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. 2016-02, *Leases (Topic 842)*, and all subsequently issued clarifying ASUs as of January 1, 2022. Our opinion is not modified with respect to this matter.

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
May 2, 2023

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,152,169	\$ 1,072,853
Unconditional promises to give	8,034	150,000
Accounts receivable, net	167,500	161,562
Prepaid expenses	1,595	10,525
Total current assets	1,329,298	1,394,940
EQUIPMENT AND FURNITURE		
Equipment and furniture	17,284	11,153
Less accumulated depreciation	(9,778)	(8,384)
Equipment and furniture, net	7,506	2,769
OTHER ASSETS		
Security deposit	12,713	12,713
Operating lease right-of-use assets	500,781	-
Total other assets	513,494	12,713
Total assets	\$ 1,850,298	\$ 1,410,422
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 13,422	\$ 33,088
Accrued payroll	55,172	109,745
Accrued vacation	10,894	7,662
Current portion of operating lease liabilities	71,213	-
Deferred membership dues	141,000	189,000
Deferred grants and contracts	-	615,587
Total current liabilities	291,701	955,082
CURRENT LIABILITIES		
Operating lease liabilities less current portion	491,381	-
Total liabilities	783,082	955,082
NET ASSETS		
Without donor restrictions	339,487	305,340
With donor restrictions	727,729	150,000
Total net assets	1,067,216	455,340
Total liabilities and net assets	\$ 1,850,298	\$ 1,410,422

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contracts	\$ 313,778	\$ 1,074,336	\$ 1,388,114	\$ 720,131	\$ -	\$ 720,131
Membership dues	559,125	-	559,125	462,800	-	462,800
Contributions and sponsorships	10,179	-	10,179	235,341	150,000	385,341
Service revenue	32,429	-	32,429	74,253	-	74,253
Honoraria and stipends	10,775	-	10,775	12,494	-	12,494
Interest	3,325	-	3,325	2,739	-	2,739
Other revenue	-	-	-	21	-	21
Total support and revenue	929,611	1,074,336	2,003,947	1,507,779	150,000	1,657,779
EXPENSES						
Program services	885,849	-	885,849	941,590	-	941,590
Management and general	392,502	-	392,502	417,476	-	417,476
Fundraising	113,720	-	113,720	82,567	-	82,567
Total expenses	1,392,071	-	1,392,071	1,441,633	-	1,441,633
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	496,607	(496,607)	-	-	-	-
Change in net assets	34,147	577,729	611,876	66,146	150,000	216,146
Net assets at beginning of year	305,340	150,000	455,340	239,194	-	239,194
Net assets at end of year	\$ 339,487	\$ 727,729	\$ 1,067,216	\$ 305,340	\$ 150,000	\$ 455,340

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

<u>2022</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries & wages	\$ 399,542	\$ 219,500	\$ 79,711	\$ 698,753
Fringe benefits	104,368	35,063	22,318	161,749
Professional fees	192,206	68,388	787	261,381
Grants & honoraria	91,550	-	-	91,550
Office supplies	17,388	8,443	1,436	27,267
Depreciation	-	1,394	-	1,394
Telephone	5,499	5,466	1,245	12,210
Printing & reproduction	10,666	487	209	11,362
Occupancy	39,257	32,639	7,795	79,691
Insurance	-	5,799	-	5,799
Travel, meetings & conferences	13,079	2,716	-	15,795
Dues & subscriptions	12,049	11,962	200	24,211
Other expenses	245	645	19	909
Total expenses	<u>\$ 885,849</u>	<u>\$ 392,502</u>	<u>\$ 113,720</u>	<u>\$ 1,392,071</u>
<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	21,313	2,577	2,290	26,180
Depreciation	-	966	-	966
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
Insurance	-	933	-	933
Travel, meetings & conferences	676	786	135	1,597
Dues & subscriptions	13,013	4,679	-	17,692
Bad debt expense	-	20,350	-	20,350
Other expenses	127	1,057	255	1,439
Total expenses	<u>\$ 941,590</u>	<u>\$ 417,476</u>	<u>\$ 82,567</u>	<u>\$ 1,441,633</u>

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 611,876	\$ 216,146
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	-	20,350
Depreciation	1,394	966
Amortization of operating lease right-of-use assets	70,840	-
(Increase) decrease in assets		
Unconditional promises to give	141,966	(132,158)
Accounts receivable, net	(5,938)	(135,000)
Prepaid expenses	8,930	2,455
Security deposit	-	(7,345)
Increase (decrease) in liabilities		
Accounts payable	(19,666)	7,183
Accrued payroll	(54,573)	60,617
Accrued vacation	3,232	(4,232)
Deferred lease liability	-	(6,249)
Operating lease liabilities	(9,027)	-
Deferred membership dues	(48,000)	58,000
Deferred grants and contracts	(615,587)	(80,251)
Net cash flows from operating activities	85,447	482
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and furniture	(6,131)	-
Change in cash	79,316	482
Cash at beginning of year	1,072,853	1,072,371
Cash at end of year	\$ 1,152,169	\$ 1,072,853

See accompanying notes.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

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.

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, 2022, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary. As of December 31, 2021, accounts receivable are reported net of an allowance for doubtful accounts of \$18,100.

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 \$1,394 and \$966 for the years ended December 31, 2022 and 2021, respectively.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, office supplies, telephone, and occupancy, which are allocated on the basis of estimates of time and effort.

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 received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Leases

NAC does not recognize short-term leases in the statement of financial position. For these leases, NAC recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. NAC also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, NAC uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

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.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

Adoption of New Accounting Guidance

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, Leases, and creates FASB ASC Topic 842, Leases. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

NAC adopted the requirements of Topic 842 as of January 1, 2022, using the optional transition method that allows NAC to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. NAC's reporting for the year ended December 31, 2021, is in accordance with the previous guidance in Topic 840.

NAC elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed NAC to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

The adoption of Topic 842 resulted in the recognition of operating lease right-of-use assets of \$571,621 and operating lease liabilities of \$571,621 as of January 1, 2022. The adoption of Topic 842 did not have a material effect on NAC's change in net assets or cash flows.

Date of Management's Review

In preparing these financial statements, NAC has evaluated events and transactions for potential recognition or disclosure through May 2, 2023, the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

NAC maintains its cash balances in two financial institutions located in Washington, D.C. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022 and 2021, NAC’s uninsured cash balances total approximately \$898,000 and \$816,000, respectively.

NOTE 3 – NET ASSETS

NAC’s governing board of directors has designated, from net assets without donor restrictions, \$240,000 for the purpose of creating a liquidity operating reserve. In 2022, the reserve policy was amended to include \$180,000 of operating costs and \$60,000 for a fund development consultant. 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 are restricted for the following purposes:

	2022	2021
Blood Cancer Caregiving	\$ 125,759	\$ -
RAISE National Strategy	459,154	-
Transplant Caregiving	68,326	-
Mental Health Initiative	74,490	-
Time restrictions	-	150,000
Net assets with donor restrictions	\$ 727,729	\$ 150,000

NOTE 4 – CONTINGENCY

NAC has grants that are conditioned upon NAC incurring qualifying expenses under the grant program. At December 31, 2022, these conditional grants totaled \$466,697. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

NOTE 5 – OPERATING LEASES

NAC leases office space in Washington, D.C. under an operating lease. The lease has a remaining lease term of seven years. Operating lease cost was \$80,675 for the year ended December 31, 2022.

Other information related to operating leases is as follows:

Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liabilities	\$ 17,878
Right-of-use assets obtained in exchange for new lease liabilities	571,621
Weighted-average remaining lease term	6.67 years
Weighted-average discount rate	1.55%

NATIONAL ALLIANCE FOR CAREGIVING
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 – OPERATING LEASES (continued)

Future lease liabilities as of December 31, 2022 are as follows:

2023	\$ 79,326
2024	82,499
2025	85,799
2026	89,231
2027	92,800
Thereafter	<u>163,427</u>
Total minimum lease payments	593,082
Imputed interest	<u>(30,488)</u>
Total lease liabilities	<u>\$ 562,594</u>

NAC entered into an operating lease for office space at a location in Washington, D.C. commencing on September 15, 2019 and expiring December 31, 2021. The lease required monthly payments of \$5,368, increasing 4% each year. Rent expense for the year ended December 31, 2021 totaled \$61,407.

NOTE 6 – 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:

	<u>2022</u>	<u>2021</u>
Financial assets at end of year		
Cash	\$ 1,152,169	\$ 1,072,853
Unconditional promises to give	8,034	150,000
Accounts receivable, net	<u>167,500</u>	<u>161,562</u>
Total financial assets	1,327,703	1,384,415
Less amounts unavailable for general expenditures within one year:		
Net assets with purpose restrictions	(727,729)	-
Designated by board of directors for liquidity reserve	<u>(240,000)</u>	<u>(240,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 359,974</u>	<u>\$ 1,144,415</u>

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, 2022 and 2021

NOTE 7 – 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, 2022 and 2021, NAC contributed 10% of eligible compensation. Pension expense under this plan for the years ended December 31, 2022 and 2021 was \$58,961 and \$68,940, respectively.