

ADULT CONGENITAL HEART ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021



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**ADULT CONGENITAL HEART ASSOCIATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Adult Congenital Heart Association
Media, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Adult Congenital Heart Association (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2021 financial statements referred to above present fairly, in all material respects, the financial position of Adult Congenital Heart Association (ACHA) as of December 31, 2021, and the changes its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ACHA 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 ACHA's ability to continue as a going concern for one year after the date 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 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 ACHA'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 ACHA'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.

Board of Directors
Adult Congenital Heart Association

Report on Summarized Comparative Information

We have previously audited ACHA's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
April 24, 2022

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS	2021	2020
CURRENT ASSETS		
Cash	\$ 1,108,879	\$ 786,671
Grants and Contributions Receivable	153,348	437,390
Prepaid Expenses	69,467	51,810
Total Current Assets	1,331,694	1,275,871
NONCURRENT ASSETS		
Investments	364,860	327,670
Long-Term Grants and Contributions Receivable	62,500	-
Fixed Assets, Net	14,753	13,972
Deposits	1,715	1,715
Total Noncurrent Assets	443,828	343,357
Total Assets	\$ 1,775,522	\$ 1,619,228
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 16,426	\$ 11,474
Accrued Payroll	43,405	44,383
Deferred Revenue	202,171	194,306
Paycheck Protection Program Loan	-	262,300
Total Current Liabilities	262,002	512,463
NET ASSETS		
Without Donor Restrictions:		
Board Designated - Accreditation Program	188,950	188,550
Undesignated	780,045	255,385
Total Net Assets Without Donor Restrictions	968,995	443,935
With Donor Restrictions	544,525	662,830
Total Net Assets	1,513,520	1,106,765
Total Liabilities and Net Assets	\$ 1,775,522	\$ 1,619,228

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE				
Grants	\$ 532,314	\$ 81,471	\$ 613,785	\$ 715,500
Contributions	904,756	309,195	1,213,951	813,349
Donated Services	90,600	-	90,600	120,900
Membership Dues	26,685	-	26,685	19,995
Program and Events	107,381	50,000	157,381	111,690
Investment Income	43,213	-	43,213	39,160
Net Assets Released from Restriction	558,971	(558,971)	-	-
Total Revenue	<u>2,263,920</u>	<u>(118,305)</u>	<u>2,145,615</u>	<u>1,820,594</u>
EXPENSES				
Program	1,199,158	-	1,199,158	1,321,631
Administrative	246,918	-	246,918	262,584
Fundraising	292,784	-	292,784	292,339
Total Expenses	<u>1,738,860</u>	<u>-</u>	<u>1,738,860</u>	<u>1,876,554</u>
CHANGE IN NET ASSETS	525,060	(118,305)	406,755	(55,960)
Net Assets - Beginning of Year	<u>443,935</u>	<u>662,830</u>	<u>1,106,765</u>	<u>1,162,725</u>
NET ASSETS - END OF YEAR	<u>\$ 968,995</u>	<u>\$ 544,525</u>	<u>\$ 1,513,520</u>	<u>\$ 1,106,765</u>

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program			Supporting Activities		2021	2020
	Advocacy and Outreach	Education	Total	Administrative	Fundraising	Total	Total
Personnel	\$ 372,287	\$ 339,666	\$ 711,953	\$ 220,884	\$ 222,241	\$ 1,155,078	\$ 1,335,121
Bank and Merchant Services	3,444	4,976	8,420	-	15,747	24,167	22,937
Fellowship	-	-	-	-	-	-	80,000
Insurance	1,757	1,926	3,683	1,143	1,150	5,976	5,607
Licenses and Subscriptions	2,215	2,428	4,643	1,441	1,449	7,533	7,288
Medical Providers - In-Kind	-	90,600	90,600	-	-	90,600	120,900
Meetings	-	-	-	-	-	-	5,098
Office Supplies and Equipment	3,057	3,365	6,422	1,855	1,998	10,275	5,468
Postage	1,028	3,632	4,660	238	2,693	7,591	7,473
Printing and Program Materials	17,835	8,464	26,299	19	8,593	34,911	34,748
Professional Fees	120,271	28,757	149,028	12,571	15,663	177,262	112,567
Rent	5,505	6,034	11,539	3,580	3,602	18,721	21,282
Research	124,944	-	124,944	-	-	124,944	32,500
Software	18,183	30,679	48,862	3,396	17,845	70,103	58,677
Telephone and Internet	730	800	1,530	475	478	2,483	2,770
Travel	136	149	285	88	89	462	15,182
Depreciation	4,220	2,070	6,290	1,228	1,236	8,754	8,936
Total Expenses	\$ 675,612	\$ 523,546	\$ 1,199,158	\$ 246,918	\$ 292,784	\$ 1,738,860	\$ 1,876,554

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 406,755	\$ (55,960)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	8,754	8,936
Net Unrealized and Realized Gain on Investments	(30,453)	(25,774)
Paycheck Protection Program Forgiveness	(495,815)	-
(Increase) Decrease in:		
Grants and Contributions Receivable	221,542	(375,696)
Prepaid Expenses	(17,657)	(19,046)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	4,952	(12,703)
Accrued Payroll	(978)	2,293
Deferred Revenue	7,865	(28,347)
Net Cash Provided (Used) by Operating Activities	104,965	(506,297)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(366,379)	(62,913)
Reinvested Dividends, Net	(703)	(2,132)
Proceeds from Sales of Investments	360,345	260,981
Purchase of Fixed Assets	(9,535)	(4,799)
Net Cash Provided (Used) by Investing Activities	(16,272)	191,137
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	233,515	262,300
Net Cash Provided by Financing Activities	233,515	262,300
NET INCREASE (DECREASE) IN CASH	322,208	(52,860)
Cash - Beginning of Year	786,671	839,531
CASH - END OF YEAR	\$ 1,108,879	\$ 786,671

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Adult Congenital Heart Association (ACHA or the Organization) was formed as a tax-exempt organization for the purpose of education, outreach, advocacy, and promotion of research of adult congenital heart issues.

Educational resources include a monthly e-newsletter with personal stories, articles by medical professionals, and events and resource information. ACHA also holds both national and regional conferences for patient and family education and support, to recruit and train volunteers, and to review emerging issues in adult congenital heart disease.

Basis of Accounting

ACHA's accounting policies conform to accounting principles generally accepted in the United States of America, using the accrual basis of accounting.

Basis of Presentation

ACHA reports information regarding its financial position and activities according to two classes of net assets, as follows:

Net Assets Without Donor Restrictions

Are not subject to donor-imposed stipulations. The board has designated net assets for accreditation program purposes.

Net Assets With Donor Restrictions

Net assets that are subject to donor-imposed stipulations that will be met either by actions of ACHA or the passage of time. ACHA has grants and contributions that carry both types of donor restrictions.

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those amounts.

Cash

Cash and other highly liquid investments with maturities of three months or less are considered to be cash equivalents. ACHA maintains its bank accounts in financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances may at times exceed this amount.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported using fair value measurements as detailed in Note 4. Cash and money market funds included within the investment portfolio are considered noncurrent assets. ACHA incurred investment fees of \$1,653 and \$2,850 during the years ended December 31, 2021 and 2020, respectively.

Allowance for Uncollectible Amounts

Each grant or contribution receivable is evaluated separately by management to determine collectability. An allowance for uncollectible amounts, if any, is based on this determination. There was no allowance at December 31, 2021 and 2020, as all amounts were considered collectible.

Fixed Assets

Fixed Assets are defined as a unit of property that: 1) has an economic useful life that extends beyond 12 months; and 2) was acquired or produced for a cost of \$1,000 or more. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets. Office equipment and furniture are depreciated over five years. Computer equipment and website development is depreciated and amortized, respectively, over three years. Leasehold improvements are depreciated over the life of the lease.

Deferred Revenue

Deferred revenue consists of Accreditation Fees and other program fees collected in advance of the period in which their performance obligations have been met.

Recognition of Accreditation Fees

Accreditation fees received from each site are recognized as earned revenue at a rate of 50% in the application year and 10% for each of the five years of the site's accreditation period, beginning with the first full year of accreditation. The basis of this revenue recognition is the proportion of expected costs of ACHA to establish a site's accreditation (50%) compared to ACHA's costs to maintain such accreditation (10% per annum). The rate of revenue recognition may be changed if a significant change occurs in annual costs to establish and/or maintain accreditations. If at any time an institution's accreditation status is terminated, any remaining deferred revenue will be recognized at the time of termination as ACHA's obligation to such institution is complete. Recognition of accreditation fees are recorded in Program and Events on the statement of activities.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Amounts released from restriction totaled \$558,971 and \$708,397 for the years ended December 31, 2021 and 2020, respectively.

A contribution is considered conditional if a right of return or right of release exists, as well as a barrier, which limits the recipient's use of such contributions. Unconditional promises to give that are expected to be collected in future periods are recorded at the time the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair values. Contributions of services are recognized if the 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. ACHA received in-kind contributions for medical provider services related to the accreditation program and recorded offsetting expenses of \$90,600 and \$120,900 for the years ended December 31, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, such costs have been directly allocated among the programs and supporting services as shown on the statement of functional expenses. Indirect expenses include IT support, office and occupancy, licenses and fees and human resource consulting fees, as well as salaries and benefits, all of which are allocated on the basis of estimated time across all functions and walk expenses are allocated on an estimated time basis between program and fundraising.

Income Tax Status

ACHA is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. The organization qualifies for charitable contribution deductions and is classified as an organization that is not a private foundation. Income that is not related to exempt purposes, less applicable deductions, would be subject to federal and state corporate income taxes. ACHA had no net unrelated business income for the years ended December 31, 2021 and 2020.

**ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

Management evaluated ACHA's tax positions and concluded that ACHA had taken no uncertain tax positions that require adjustment to the financial statements. Consequently, no accrual for interest and penalties was deemed necessary for the years ended December 31, 2021 and 2020.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACHA's financial statements for the year ended December 31, 2020, from which the comparative totals were derived.

Subsequent Events

In preparing these financial statements, ACHA has evaluated events and transactions for potential recognition or disclosure through April 24, 2022, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

ACHA has a goal to maintain financial assets, which consist of cash, receivables, and short-term investments to meet 90 days of normal operating expenses, which are, on average, approximately \$150,000 per month. As more fully described in Note 6, ACHA also has an available line of credit in the amount of \$150,000, which ACHA could draw upon in the event of an unanticipated liquidity need. ACHA had the following financial assets available for general expenditure within one year of the statement of financial position date of December 31:

	2021	2020
Cash	\$ 1,108,879	\$ 786,671
Grants and Contributions Receivables	215,848	437,390
Less: Net Assets With Donor Restrictions	(544,525)	(662,830)
Total	\$ 780,202	\$ 561,231

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

	2021	2020
Receivable in Less than One Year:		
Programs and Events	\$ 8,719	\$ -
Contributions	108,159	27,390
Grants	36,470	410,000
Receivable in One to Five Years:		
Contributions	62,500	-
Total	\$ 215,848	\$ 437,390

During the years ended December 31, 2021 and 2020, the Association received contributions from board members totaling \$237,310 and \$195,455, respectively. As of December 31, 2021 and 2020, amounts included in grants and contributions receivable from board members totaled \$125,000 and \$0-, respectively.

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Measurements

ACHA follows the accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. ACHA accounts for certain assets at fair value under applicable accounting standards. All investments are measured at fair value based on this guidance. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. ACHA also follows the accounting standard that allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis.

Fair Value Hierarchy

In accordance with accounting standards, ACHA has categorized certain financial assets on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial assets fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the asset.

Financial assets recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets whose values are based on unadjusted quoted prices for identical assets in an active market that ACHA has the ability to access.

Level 2 – Financial assets whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

Level 3 – Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset.

ACHA does not carry Level 2 or 3 investments.

ACHA’s investments are reported at fair value in the accompanying statement of financial position:

	Fair Value Measurements Using		
	Cost	Fair Value	(Level 1)
<u>December 31, 2021</u>			
Cash and Money Market Funds	\$ 12,105	\$ 12,105	\$ -
Mutual Funds	348,944	352,755	352,755
Total	\$ 361,049	\$ 364,860	\$ 352,755
 <u>December 31, 2020</u>			
Cash and Money Market Funds	\$ 5,368	\$ 5,368	\$ -
Mutual Funds	247,327	322,302	322,302
Total	\$ 252,695	\$ 327,670	\$ 322,302

Investment income was comprised of the following for the years ended December 31:

	2021	2020
Interest and Dividends	\$ 12,760	\$ 13,386
Net Realized and Unrealized Gain	30,453	25,774
Total	\$ 43,213	\$ 39,160

NOTE 5 FIXED ASSETS

Fixed assets consisted of the following at December 31:

	2021	2020
Leasehold Improvements	\$ 4,323	\$ 4,323
Equipment	81,042	71,507
Website	32,798	32,798
Total	118,163	108,628
Less: Accumulated Depreciation	(103,410)	(94,656)
Total Fixed Assets	\$ 14,753	\$ 13,972

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 6 LINE OF CREDIT

ACHA has a line of credit, dated June 30, 2010, with Valley Green Bank in the amount of \$150,000, which is currently available until August 17, 2022, and renewable annually. Outstanding balances carry an interest rate of prime + 1.5%, with a floor of 5.25%, and are secured by ACHA's business assets. The rate was 5.25% as of December 31, 2021 and 2020, respectively. There were no borrowings during the years ended December 31, 2021 and 2020, and no outstanding balances as of December 31, 2021 and 2020.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions are restricted for the following purposes:

	2021	2020
Advocacy and Outreach:		
Community Outreach	\$ -	\$ 40,000
Marketing	125,000	50,000
National Conference	240,050	190,430
Research	36,975	1,250
Total	402,025	281,680
Education Program:		
Accreditation	4,950	123,650
Community Outreach	-	7,500
Patient/Family Member Services	100,050	240,000
Regional Events	37,500	10,000
Total	142,500	381,150
Total Restrictions	\$ 544,525	\$ 662,830

All Net Assets with Donor Restrictions are expected to be released in 2022 except for long-term grants and contributions receivable.

Net assets were released from donor restrictions by incurring expense, satisfying the restricted purpose or by occurrence of the passage of time.

	2021	2020
Satisfaction of Purpose Restrictions:		
Advocacy and Outreach	\$ 241,471	\$ 154,397
Education Program	317,500	472,500
Fundraising	-	81,500
Total	\$ 558,971	\$ 708,397

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 8 REVENUE FROM CONTRACTS

Revenue from contracts is recognized when control of promised accreditation services is transferred to accreditation applicants, in an amount that reflects the consideration ACHA expects to be entitled in exchanges for those services. Total revenue for the accreditation program included in Programs and Events was \$98,050 and \$79,200 for the years ended December 31, 2021 and 2020, respectively.

ACHA's performance obligations are to provide accreditation through a rigorous evaluation process during the application phase and follow-up processes in the five years after the accredited status determination is made. Accreditation applicants pay accreditation fees upfront and the organization recognizes them over this six-year period. ACHA's revenue recognition policy for accreditation fees is described in detail in Note 1.

The following table depicts activities for deferred revenue.

	<u>2021</u>	<u>2020</u>
Deferred Revenue - Beginning of Year	\$ 194,306	\$ 222,653
Increases in Deferred Accreditation Fees Due to Cash Received During the Year	101,500	46,000
Increases in Deferred Registrations Fee Due to Cash Received During the Year	4,415	4,853
Decreases in Deferred Revenue Due to Performance Obligations Met	<u>(98,050)</u>	<u>(79,200)</u>
Deferred Revenue - End of Year	<u>\$ 202,171</u>	<u>\$ 194,306</u>

NOTE 9 WALKS FOR 1 IN 100

Total revenue for the Walks for 1 in 100 for the years ended December 31, 2021 and 2020 was \$279,623 and \$202,652, respectively. Related revenue is included in contributions on the statement of activities. Total expenses were \$200,758 and \$193,123 for the years ended December 31, 2021 and 2020, respectively. The decrease in the Walks for 1 in 100 revenue and expenses in 2021 and 2020 is due to the COVID-19 pandemic causing the cancellation of in person events in both years. See Note 13 for additional information.

NOTE 10 CONCENTRATION OF REVENUE SOURCES

During the years ended December 31, 2021 and 2020, ACHA received funding of \$495,815 and \$410,000, respectively, from a different single source each year. This is included in Grants line of the statement of activities.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 11 COMMITMENTS

Effective February 1, 2019, ACHA entered into a lease for office space for a term which extended through August 2020. Rent increased by 2% annually in the subsequent year of the lease term. Effective September 1, 2020, ACHA renegotiated the lease for a term which extended through January 2022 at a rate of 20% less than the previously agreed upon second year rate. Effective February 1, 2022, the lease was renewed and extended through January 2024. Total minimum monthly rent is \$1,400, for an annual rent of \$16,800 and will increase to \$1,500 starting in February 2023. Rental expense was \$18,721 and \$20,965 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments for office space and equipment are as follows:

<u>Year Ending December 31,</u>	<u>Office Space</u>	<u>Equipment</u>
2022	\$ 16,800	\$ 2,364
2023	17,900	2,364
2024	1,500	2,364
2025	-	591
Total	<u>\$ 36,200</u>	<u>\$ 7,683</u>

NOTE 12 RETIREMENT PLAN

ACHA sponsors a 403(b) defined-contribution plan (the Plan). The Plan includes an employer match for all employees who have completed at least one year of service and worked at least 1,000 hours in a Plan year, not to exceed 3% of an employee's annual compensation. Total retirement expense of the Plan was \$16,545 and \$19,412 for the years ended December 31, 2021 and 2020, respectively, and is included in Personnel Expense in the accompanying statement of functional expenses.

NOTE 13 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to ACHA, COVID-19 impacted the organization's ability to hold fundraising events in 2021 and is expected to impact various parts of its 2022 operations and financial results. Management believes the organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to develop.

ADULT CONGENITAL HEART ASSOCIATION
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NOTE 14 PAYCHECK PROTECTION PROGRAM

In April 2020, ACHA applied for and was approved for a \$262,300 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was received on May 1, 2020. Under the original terms, the loan was to accrue interest at 1%, with payments not required to begin for six months after the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. ACHA was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government. ACHA received forgiveness of \$262,300 on February 24, 2021, the full amount of which is included in grants revenue in the statement of activities.

Under the second round of Paycheck Protection Program funding, ACHA applied for and was approved for an additional \$233,515 loan. The loan was received on February 8, 2021. To the extent that any loan amount was not forgiven, this loan was to accrue interest at 1%, with the first ten months of interest deferred, has a term of five years and was unsecured and guaranteed by the Small Business Administration. ACHA was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. ACHA received forgiveness of \$233,515 on July 23, 2021, and is included in grants revenue in the statement of activities.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the ACHA's financial position.