

National Association for Contingence

Report on Financial Statements

Years Ended December 31, 2021 and 2020



National Association for Continenence
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Independent Accountant's Compilation Report

Board of Directors of
National Association for Continenence
Charleston, South Carolina

Management is responsible for the accompanying financial statements of the National Association for Continenence (a not-for-profit organization), 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.



Mount Pleasant, South Carolina
April 18, 2022

National Association for Continenence
Statements of Financial Position
December 31, 2021 and 2020

Assets

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 239,016	\$ 143,964
Accounts receivable	51,300	50,751
Inventories	2,492	2,712
Total Current Assets	292,808	197,427
Non-Current Assets		
Deposits	1,360	1,360
Intangibles, net	66,973	57,327
Total Non-Current Assets	68,333	58,687
Total Assets	\$ 361,141	\$ 256,114

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 8,900	\$ 2,000
Credit cards payable	1,783	-
Unearned revenue	53,000	100,300
Current portion of note payable	-	4,493
Other current liabilities	2,048	3,087
Total Current Liabilities	65,731	109,880
Non-Current Liabilities		
Note payable, net of current portion	-	18,307
Total Non-Current Liabilities	-	18,307
Total Liabilities	65,731	128,187
Net Assets		
Without donor restrictions	295,410	127,927
Total Net Assets	295,410	127,927
Total Liabilities and Net Assets	\$ 361,141	\$ 256,114

See notes to financial statements and independent accountant's compilation report.

National Association for Continenence
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Sales of goods and services:			
Membership renewals	\$ 7,236	\$ -	\$ 7,236
Grants for outreach	13,744	-	13,744
Other revenue:			
Industry council	371,889	-	371,889
Miscellaneous	49,801	-	49,801
Gain on PPP loan forgiveness	41,550	-	41,550
Contributions	16,064	-	16,064
	500,284	-	500,284
Expenses			
Program services	217,139	-	217,139
Management and general	52,181	-	52,181
Fundraising	63,481	-	63,481
	332,801	-	332,801
Change in Net Assets	167,483	-	167,483
Beginning Net Assets	127,927	-	127,927
Ending Net Assets	\$ 295,410	\$ -	\$ 295,410

See notes to financial statements and independent accountant's compilation report.

National Association for Continenence
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Sales of goods and services:			
Membership renewals	\$ 7,375	\$ -	\$ 7,375
Grants for outreach	10,250	-	10,250
Other revenue:			
Industry council	245,226	-	245,226
Contributions	23,825	-	23,825
	286,676	-	286,676
Total Support and Revenues			
	286,676	-	286,676
Expenses			
Program services	185,604	-	185,604
Management and general	53,402	-	53,402
Fundraising	61,713	-	61,713
	300,719	-	300,719
Total Expenses			
	300,719	-	300,719
Change in Net Assets	(14,043)	-	(14,043)
Beginning Net Assets	141,970	-	141,970
Ending Net Assets	\$ 127,927	\$ -	\$ 127,927

See notes to financial statements and independent accountant's compilation report.

**National Association for Continenace
Statement of Functional Expenses
Year Ended December 31, 2021**

	Program Services	Management and General	Fundraising	Total Expenses
Personnel				
Salaries and labor	\$ 118,568	\$ 18,000	\$ 50,229	\$ 186,797
Payroll taxes and employee benefits	21,000	5,634	7,868	34,502
Total Personnel	139,568	23,634	58,097	221,299
Other Functional Expenses				
Repairs and maintenance	33,561	-	-	33,561
Accounting and auditing	-	14,150	-	14,150
Rent	4,596	2,022	4,200	10,818
Banking and merchant fees	-	10,328	-	10,328
Supplies and administrative	2,949	973	-	3,922
Program printing	3,292	-	-	3,292
Travel	1,184	-	1,184	2,368
Consultants	1,640	-	-	1,640
Interest	-	1,074	-	1,074
Postage and shipping	518	-	-	518
Total Functional Expenses before Amortization	187,308	52,181	63,481	302,970
Amortization	29,831	-	-	29,831
Total Functional Expenses	\$ 217,139	\$ 52,181	\$ 63,481	\$ 332,801

See notes to financial statements and independent accountant's compilation report.

**National Association for Continnence
Statement of Functional Expenses
Year Ended December 31, 2020**

	Program Services	Management and General	Fundraising	Total Expenses
Personnel				
Salaries and labor	\$ 88,893	\$ 18,000	\$ 46,189	\$ 153,082
Payroll taxes and employee benefits	17,897	7,584	9,677	35,158
Total Personnel	106,790	25,584	55,866	188,240
Other Functional Expenses				
Repairs and maintenance	32,693	-	-	32,693
Accounting and auditing	-	13,625	-	13,625
Rent	4,588	1,873	4,200	10,661
Banking and merchant fees	-	9,984	-	9,984
Supplies and administrative	5,841	1,033	-	6,874
Program printing	4,031	-	-	4,031
Travel	483	-	1,647	2,130
Consultants	1,850	-	-	1,850
Interest	-	1,303	-	1,303
Postage and shipping	416	-	-	416
Telephone	266	-	-	266
Total Functional Expenses before Amortization	156,958	53,402	61,713	272,073
Amortization	28,646	-	-	28,646
Total Functional Expenses	\$ 185,604	\$ 53,402	\$ 61,713	\$ 300,719

See notes to financial statements and independent accountant's compilation report.

National Association for Continenence
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Changes in net assets	\$ 167,483	\$ (14,043)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Gain on PPP loan forgiveness	(41,550)	-
Amortization	29,831	28,646
Change in:		
Accounts receivable	(549)	16,349
Inventories	220	120
Accounts payable	6,900	1,039
Credit cards payable	1,783	-
Unearned revenue	(47,300)	20,800
Other current liabilities	(1,039)	418
Net cash provided by operating activities	115,779	53,329
Cash Flows from Investing Activities:		
Purchases of intangible assets	(39,477)	(37,150)
Net cash used in investing activities	(39,477)	(37,150)
Cash Flows from Financing Activities:		
Proceeds from note payable	18,750	22,800
Net cash provided by financing activities	18,750	22,800
Net Increase in Cash and Cash Equivalents	95,052	38,979
Cash and Cash Equivalents at the Beginning of Year	143,964	104,985
Cash and Cash Equivalents at the End of Year	\$ 239,016	\$ 143,964
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 1,074	\$ 1,303

See notes to financial statements and independent accountant's compilation report.

National Association for Continence Notes to Financial Statements

Note A – Significant Accounting Policies

Nature of Activities

National Association for Continence (NAFC) is a not-for-profit organization, founded in 1982 and located in Charleston, South Carolina, which is dedicated to improving the quality of life of people with incontinence. NAFC's purpose is to provide education and support to the public and to healthcare professionals about causes, diagnoses, treatments and management alternatives for people with such problems. NAFC's ongoing activities are funded by voluntary contributions.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenditures are recognized when incurred.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the United States of America in its Accounting Standards Codification (ASC) 958 – 205, *Not-For-Profit Entities – Presentation of Financial Statements*. These standards require classification of net assets and changes in net assets as net assets without donor restrictions and net assets with donor restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

National Association for Continenence

Notes to Financial Statements

Contributed Services

Contributed services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed.

Cash and Cash Equivalents

NAFC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Receivables are presented on the statement of financial position net of the allowance for doubtful accounts. The allowance is estimated based on historical collection information. Delinquent receivables are written off as they are deemed uncollectible. As of December 31, 2021 and 2020, there was no allowance for doubtful accounts.

Inventories

Inventories consist of books, cassettes and other printed educational products available for sale. Inventories are valued at the lower of cost or market.

Intangibles

The Organization has intangibles which consist of website costs that are stated at cost less accumulated amortization. These costs are to be amortized equally over the life of the asset (3 years).

Unearned Revenue

Payments received in advance of performance of services or delivery of goods are reported as unearned revenue. Unearned revenue as of December 31, 2021 and 2020 is comprised of industry dues.

Restricted and Unrestricted Revenue and Support

Contributions, which at times, may include unconditional promises to give, are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flow using a risk-adjusted rate. Conditional contributions are recorded when conditions have been met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

The Organization reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restrictions in the Statements of Activities.

Functional Allocations of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the appropriate expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by Management.

National Association for Continenence

Notes to Financial Statements

Income Tax Status

NAFC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under the laws of South Carolina. Therefore, no provision for income taxes has been provided for. NAFC qualifies for the charitable contribution deduction under Section 170(b)(1) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

NAFC has adopted ASC 740, Income Taxes, for uncertain tax purposes. The FASB provides guidance on NAFC's evaluation of accounting for uncertainty in income taxes. Management evaluated NAFC's tax position and concluded that NAFC had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

Note B – Concentration of Credit Risk

The Organization maintains its cash in bank accounts which, at times, exceed the limits of federal deposit insurance. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed any significant credit risk on cash.

Note C – Intangibles, Net

Property and equipment consisted of the following at December 31:

	2021	2020
Website	\$ 311,753	\$ 272,276
Total Intangibles	311,753	272,276
Less: accumulated amortization	(244,780)	(214,949)
Intangibles, Net	<u>\$ 66,973</u>	<u>\$ 57,327</u>

Amortization expense for the years ended December 31, 2021 and 2020 was \$29,831 and \$28,646, respectively.

Note D – Notes Payable

In February 2021, the Organization took out a loan in conjunction with the Paycheck Protection Plan in the amount of \$18,750. During the year ended December 31, 2021, the Organization applied for loan forgiveness and had the full amount forgiven. In accordance with ASC 405-20, *Liabilities – Extinguishments of Liabilities*, the amount that has been forgiven is recognized in the statement of activities as a gain on PPP loan forgiveness.

National Association for Contingence
Notes to Financial Statements

Notes payable at December 31, 2021 and 2020, consists of the following:

	2021	2020
<p>In May 2020, the Organization received a note payable of \$22,800 from a bank in conjunction with the Paycheck Protection Program. The note would mature on July 19, 2023 and bear interest of 1.00%. This note was eligible for forgiveness and was forgiven in full during the year ended December 31, 2021. In accordance with ASC 405-20, <i>Liabilities - Extinguishments of Liabilities</i>, the amount that has been forgiven is recognized in the statement of activities as a gain on forgiveness of PPP loan.</p>	\$ -	\$ 22,800
Total Note Payable	-	22,800
Less: current portion	-	(4,493)
Note Payable, Net of Current Portion	\$ -	\$ 18,307

Note E – Retirement Plan

NAFC maintains an employee defined contribution plan for the benefit of full-time employees. Under the Plan, for all employees with one or more years of service, NAFC matches 50% of all employee contributions up to 4% of the employee’s annual compensation. Employer contributions were \$11,875 and \$1,800 for the years ended December 31, 2021 and 2020, respectively. In addition, employees may make voluntary contributions to the Plan.

Note F – Line of Credit

NAFC has an unsecured \$24,500 line of credit with Regions which expires January 2099. Interest accrues at a rate of 5.56% per annum. NAFC had no outstanding line of credit balance as of December 31, 2021 and 2020.

Note G – Related Party Transactions

During the years ended December 31, 2021 and 2020, Board members donated \$12,300 and \$18,000, respectively. Accounts receivable includes amounts for Board donations totaling \$8,800 and \$8,000 as of December 31, 2021 and 2020, respectively.

Note H – Operating Lease

The Organization has a lease for use of its office space in Charleston, South Carolina. The lease expired at the end of January 2021 but has an automatic renewal clause for an additional year. The monthly rent increased from \$856 to \$871 in April 2021. Rent expense was \$10,818 and \$10,661 for the years ended December 31, 2021 and 2020, respectively.

National Association for Continenence
Notes to Financial Statements

Note I – Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have variations throughout the year attributable to the timing of support and contributions. To manage liquidity, the Organization evaluates cash on a regular basis as part of the monthly review of the internal financial statements, and estimates cash needs based on budgeted and current expenses.

As of the balance sheet date all of the Organization's financial assets are available for general use within one year, and there are no contractual or donor-imposed restrictions or internal designations on any financial assets.

Note J – Subsequent Events

Management has evaluated subsequent events through the date which the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.