

**Family Caregiver Alliance
(A Nonprofit Corporation)**

FINANCIAL REPORT

JUNE 30, 2021 and 2020

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B O W M A N

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Caregiver Alliance
(A Nonprofit Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of **Family Caregiver Alliance (A Nonprofit Corporation)**, which are comprised of the statement of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Caregiver Alliance as of June 30, 2021 and the changes in 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

As discussed in Note 14 to the financial statements, in March 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern". Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2021 on our consideration of Family Caregiver Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Caregiver Alliance's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of Family Caregiver Alliance as of June 30, 2020 were audited by other auditors whose report dated December 1, 2020 expressed an unmodified opinion on those statements.

Bowman & Company, CP

Stockton, California
December 15, 2021

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 271,060	\$ 211,989
Investments	1,962,621	1,297,206
Government grants receivable	1,807,540	1,822,207
Contributions receivable, current portion	197,521	613,542
Contracts receivable	13,000	--
Other receivables	21,000	10,878
Prepaid expenses	81,014	140,214
Unbilled contract costs	56,843	--
	<u>4,410,599</u>	<u>4,096,036</u>
Total current assets		
PROPERTY AND EQUIPMENT, net	15,605	50,946
OTHER ASSETS		
Deposits	54,316	33,614
Contributions receivable, less current portion	--	36,458
Investments, restricted	44,151	88,301
	<u>4,524,671</u>	<u>4,305,355</u>
Total assets		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 642,592	\$ 800,884
Accrued interest	3,226	--
Loan payable - Paycheck Protection Program	309,074	309,074
Deferred revenue	19,500	6,624
	<u>974,392</u>	<u>1,116,582</u>
Total current liabilities		
NET ASSETS		
Without donor restrictions	2,934,367	2,568,044
With donor restrictions	615,912	620,729
	<u>3,550,279</u>	<u>3,188,773</u>
Total net assets		
Total liabilities and net assets	<u>\$ 4,524,671</u>	<u>\$ 4,305,355</u>

See Notes to Financial Statements

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE			
Support			
Government grants	\$ 4,046,715	\$ --	\$ 4,046,715
Contributions	146,567	645,929	792,496
Release of net assets with donor restrictions	650,746	(650,746)	--
	4,844,028	(4,817)	4,839,211
Revenue			
Grant contract revenue	35,000	--	35,000
Contract revenue	65,000	--	65,000
Other income	11,231	--	11,231
Investment income, net	65,683	--	65,683
	176,914	--	176,914
Total support and revenue	5,020,942	(4,817)	5,016,125
EXPENSES			
Program services	4,121,747	--	4,121,747
Management and general	504,307	--	504,307
Fundraising	28,565	--	28,565
	4,654,619	--	4,654,619
Change in net assets	366,323	(4,817)	361,506
Net assets, beginning of year	2,568,044	620,729	3,188,773
Net assets, end of year	\$ 2,934,367	\$ 615,912	\$ 3,550,279

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

STATEMENTS OF ACTIVITIES (Cont.)

For the Year Ended June 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Government grants	\$ 4,456,207	\$ --	\$ 4,456,207
Contributions	1,084,709	293,473	1,378,182
Release of net assets with donor restrictions	<u>526,660</u>	<u>(526,660)</u>	<u>--</u>
Total support	<u>6,067,576</u>	<u>(233,187)</u>	<u>5,834,389</u>
Revenue			
Contract revenue	35,000	--	35,000
Other income	4,763	--	4,763
Investment income, net	<u>43,010</u>	<u>--</u>	<u>43,010</u>
Total revenue	<u>82,773</u>	<u>--</u>	<u>82,773</u>
Total support and revenue	<u>6,150,349</u>	<u>(233,187)</u>	<u>5,917,162</u>
EXPENSES			
Program services	4,476,617	--	4,476,617
Management and general	464,847	--	464,847
Fundraising	<u>28,409</u>	<u>--</u>	<u>28,409</u>
Total expenses	<u>4,969,873</u>	<u>--</u>	<u>4,969,873</u>
Change in net assets	1,180,476	(233,187)	947,289
Net assets, beginning of year	1,387,568	853,916	2,241,484
Net assets, end of year	<u>\$ 2,568,044</u>	<u>\$ 620,729</u>	<u>\$ 3,188,773</u>

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 1,131,716	\$ 287,178	\$ 14,992	\$ 1,433,886
Payroll taxes	91,188	23,139	1,208	115,535
Employee benefits	289,491	71,867	3,821	365,179
Alzheimer's Disease Caregiving Legacy Awards	60,000	--	--	60,000
Communications	116,541	29,959	1,407	147,907
Equipment	28,963	7,350	384	36,697
Family support services	795,999	--	--	795,999
Insurance	9,785	2,483	130	12,398
Occupancy	180,236	45,736	2,388	228,360
Office	36,010	5,862	3,222	45,094
Postage and delivery	7,064	569	1,009	8,642
Printing	5,330	--	--	5,330
Program fees and consultants	229,695	1,803	--	231,498
Publications and translations	66,558	--	--	66,558
Subcontractors	1,046,079	24,000	--	1,070,079
Travel and conferences	3,803	1,057	--	4,860
Interest	--	3,226	--	3,226
Depreciation	306	78	4	388
Amortization	22,983	--	--	22,983
Totals	<u>\$ 4,121,747</u>	<u>\$ 504,307</u>	<u>\$ 28,565</u>	<u>\$ 4,654,619</u>

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES (Cont.)

For the Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 1,185,709	\$ 270,258	\$ 15,041	\$ 1,471,008
Payroll taxes	91,104	20,765	1,156	113,025
Employee benefits	281,313	61,536	3,493	346,342
Alzheimer's Disease Caregiving Legacy Awards	60,000	--	--	60,000
Communications	106,048	23,023	1,248	130,319
Equipment	48,472	11,048	615	60,135
Family support services	887,424	--	--	887,424
Insurance	6,601	7,088	84	13,773
Occupancy	193,890	44,193	2,460	240,543
Office	61,316	6,137	3,625	71,078
Postage and delivery	7,457	150	625	8,232
Printing	23,842	--	--	23,842
Program fees and consultants	210,056	--	--	210,056
Publications and translations	72,763	--	--	72,763
Subcontractors	1,133,905	17,500	--	1,151,405
Travel and conferences	78,880	2,043	--	80,923
Depreciation	4,853	1,106	62	6,021
Amortization	22,984	--	--	22,984
Totals	<u>\$ 4,476,617</u>	<u>\$ 464,847</u>	<u>\$ 28,409</u>	<u>\$ 4,969,873</u>

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 361,506	\$ 947,289
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	389	6,021
Amortization	22,983	22,984
Stock donation	--	(1,622)
Realized and unrealized (gain) loss on investments	(61,740)	(20,691)
Write off of capitalized computer software, net	14,556	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	452,479	(430,983)
Government grants receivable	14,667	(742,710)
Contracts receivable	(13,000)	--
Other receivables	(10,122)	295
Prepaid expenses	2,357	(119,833)
Deposits	(20,702)	(1,258)
(Decrease) increase in:		
Accounts payable and accrued expenses	(158,292)	351,580
Accrued interest	3,226	--
Deferred revenue	12,876	(123)
Net cash provided by (used in) operating activities	621,183	10,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,586)	(10,148)
Proceeds from sale of investments	1,690,000	1,867,112
Purchases of investments	(2,249,526)	(2,221,109)
Net cash provided by (used in) investing activities	(562,112)	(364,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan funding	--	309,074
Net cash provided by (used in) financing activities	--	309,074
Net increase (decrease) in cash and cash equivalents	59,071	(44,122)
Cash and cash equivalents, beginning of year	211,989	256,111
Cash and cash equivalents, end of year	\$ 271,060	\$ 211,989

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Organization:

Family Caregiver Alliance (FCA) is a California based not-for-profit corporation founded in 1977 to improve the quality of life for caregivers and for the people who receive their care.

Programs and Activities:

For over 40 years, FCA has provided services to family caregivers of adults with physical and cognitive impairments, such as Parkinson's, stroke, Alzheimer's and other types of dementia. FCA services include caregiver assessment, care planning, direct care skills education, wellness programs, respite services, legal/financial consultation and therapeutic counseling vouchers. The services, education programs and resources from FCA are designed with caregivers' needs in mind and offer support, tailored information and tools to manage the complex demands of caregiving. These include:

- FCA CareNav is a secure online solution for quality information, support and resources for family caregivers available 24/7
- The Bay Area Caregiver Resource Center (BA-CRC) providing direct services to six-counties of the San Francisco Bay Area (Alameda, Contra Costa, Marin, San Mateo, San Francisco, Santa Clara).
- Family Caregiver Services by State and Caregiver Resource Specialists, connecting families, friends and partners to resources and services from across the USA.
- The National Center on Caregiving uniting research, policy, and practice to advance the development of high-quality, cost-effective programs and policies for caregivers in every state.

Highlights:

CareNav is now available in all eleven (11) Caregiver Resource Centers (CRC's):

FCA leads the effort to build, disseminate and integrate a statewide digital service delivery system strengthening California's ability to support family caregivers. The iData generated is being used in service coordination and planning with health and social service systems, to develop new, or adapt current services for employed and diverse families and to benchmark meaningful outcomes. All staff are trained on the revised caregiver assessment and service model as well as use of digital platform and telehealth technologies.

- Over 80% of caregivers are under the age of 65
- More than one-half of caregivers are in the workforce and average 20+ hours of assistance per week
- 50% are providing complex care
- Over 80% of adults over 65 are not eligible for MediCal/Medicaid home and community based services
- Two-thirds (66%) of caregivers are at risk for social isolation and strain
- Caregivers younger than 65 are more diverse, more likely to be in the workforce and have children still at home

**FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)**

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Best Practice Caregiving, Guiding Organizations to Dementia Programs for Family Caregivers – Available at Caregiver.org:

This rich database of proven dementia caregiving programs is a product of the collaboration among three leading organizations in the field of aging and caregiving: Benjamin Rose Institute on Aging, Center for Research & Education; Family Caregiver Alliance: National Center on Caregiving; and The Gerontological Society of America. Project funders are The John A. Hartford Foundation, Archstone Foundation and RRF Foundation for Aging. This data rich resource offers a comprehensive overview of 44 proven, vetted programs for organizations that support caregivers of those living with dementia. Visitors can easily search for and compare programs that match their organization's mission, resources and population needs. The database is continually updated with new programs and information – sign up to receive news and update at BestPracticeCaregiving@caregiver.org.

A Focus on Diversity and Equity:

Since its inception, FCA continues to evolve as an organization it remains committed to serving communities of color while also addressing in every way the inequities in overall health that are based in institutional discrimination. This commitment will serve as a basis of FCA's programs, direct services, public policy and advocacy work.

A summary of significant accounting policies applied in the preparation of the financial statements follows:

Basis of Accounting:

The financial statements of FCA have been prepared on the accrual basis of accounting.

Basis of Presentation:

FCA is required to report information regarding their financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:

Net assets without donor restrictions are not subject to donor-impose restrictions, but may be designated for specific purposes by action of the Board of Directors, or otherwise limited by contractual arrangements with outside parties.

Net assets with donor restrictions:

Net assets with donor restrictions are subject to donor-imposed restrictions. FCA reclassifies net assets with donor restrictions to net assets without donor restrictions when it fulfills donor-imposed restrictions through actions FCA takes or the passage of time.

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Cash and Cash Equivalents:

FCA considers all unrestricted highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The carrying amount of financial instruments, including cash and cash equivalents, contributions receivable, grants receivable, contracts receivable, other receivables, accounts payable and accrued expenses approximate their fair value due to the short-term maturities of these instruments.

The carrying amounts (which are fair value) of long-term investments are based on values provided by quoted market values.

Investments:

FCA carries investments at fair market value. Donated investments are stated at fair market value on the date of donation. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Contributions Receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Due to the immaterial amount of the calculated discount, FCA has not recorded the discount amount.

Grants Receivable:

Grants receivable consist of amounts due under conditional cost-reimbursement government grants and contracts. All grants receivable are due within in one year.

Contracts Receivable:

Contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The FCA provides for losses on contracts receivable using the allowance method. Contracts receivable are considered impaired if principal payments are not received in accordance with contractual terms.

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Allowance for Doubtful Accounts:

FCA continually monitors creditworthiness and recognizes allowances for estimated bad debts on receivable accounts that are no longer estimated to be collectible. FCA adjusts any allowance for subsequent collections upon final determination that a receivable is no longer collectible. At June 30, 2021 and 2020, allowance for doubtful accounts on receivables was \$0.

Property and Equipment:

Property and equipment are stated at cost if purchased or at the approximate fair value at the date placed in service, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives:

	<u>Years</u>
Equipment	5
Computer software costs	5

It is the policy of FCA to capitalize additions with costs greater than \$2,500.

During the year ended June 30, 2017, FCA completed development of its CareNav (formerly CareJourney) portal for caregivers and counselors. FCA established the technological feasibility of CareNav during September 2016 and released CareNav for sale to customers during February 2017.

Accordingly, FCA expensed research and development costs related to CareNav before September 2016, expensed maintenance and customer support costs after February 2017 and capitalized costs between September 2016 and February 2017. FCA amortizes its capitalized computer software costs based on the higher of straight-line over five years and in proportion that cumulative sales have to total estimated sales.

Impairment of Long-Lived Assets:

FCA evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. The determination of whether long-lived assets are recoverable is based on management's estimate of the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the long-lived assets, as compared to its carrying value. If the carrying amount of the long-lived assets is greater than the undiscounted cash flows, an impairment loss would be recognized for the amount by which the carrying amount of the assets exceeds its fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized for the years ended June 30, 2021 and 2020.

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Accumulated Vacation:

Accumulated unpaid employee vacation benefits are recognized as liabilities of FCA. The amount of accumulated vacation at June 30, 2021 and 2020 was \$206,183 and \$151,000, respectively.

Accumulated Sick Leave:

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the agency since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

Revenue Recognition:

All support is considered available for unrestricted use unless specifically restricted by donor in accordance with ASC Topic 958-605. Support and unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without 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 satisfaction of restrictions on net assets with donor restrictions.

Conditional contributions received are accounted for as a refundable advance on the statement of financial position or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

All other revenue is recognized when earned based on an exchange of goods and/or services in accordance with ASC Topic 606. Amounts not earned during the reporting period are recognized as deferred revenue on the statements of financial position.

Income Tax Status:

FCA has been granted tax-exempt status by the Internal Revenue Service under IRC Section 501(c)(3) and the California Franchise Tax Board under Section 23701d. FCA is classified by the Internal Revenue Service as an other-than-private foundation. Accordingly, no provision for federal or state income taxes is made in the accompanying financial statements. FCA's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services management and general and fundraising costs. Such allocations are determined by management on an equitable basis. Expenses directly attributable to a specific functional are reported as expenses of those functional activities.

<u>Expense</u>	<u>Method Of Allocation</u>
Salaries and benefits	Time and effort
Subcontractors and outside services	Time and effort
Travel and conferences	Time and effort
Occupancy	Full time equivalent
Office supplies	Full time equivalent
Program supplies	Time and effort

Nature 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements:

During the year ended June 30, 2021, FCA adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606) and all related amendments. ASC 606 supersedes most existing revenue recognition guidance. ASC 606 provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflected the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. FCA adopted ASC 606 and all related amendments using the modified retrospective transition method. FCA concluded that the adoption of the new standard did not require an adjustment to the opening equity balance and has no material impact for the year ended June 30, 2021.

During the year ended June 30, 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) – Effective Dates for Certain Entities*, as a response to COVID-19. The amendment allows for the deferral of the effective date of ASU 2014-09 and ASU 2016-02. Certain companies and organizations that have not yet applied the revenue recognition and leases guidance are allowed to delay implementations by one year, with early adoption permitted. FCA has adopted the provisions of this ASU accordingly.

FAMILY CAREGIVER ALLIANCE
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

New Accounting Pronouncements (Cont.):

During the year ended June 30, 2020, FCA adopted the provisions of ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under this new accounting policy, FCA has applied this update on a modified prospective basis. Accounting principles generally accepted in the United States of America require an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. Contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions. During 2020, management had determined that the implementation of this ASU had no material effect on net assets with donor restrictions.

Reclassification:

Certain amounts in the June 30, 2020 financial statements have been classified for comparative purposes to conform to the presentation in the June 30, 2021 financial statements.

Subsequent Events:

Management has evaluated subsequent events through December 15, 2021, the date on which the financial statements were available to be issued.

Note 2. Concentrations of Credit Risk

FCA had deposits in excess of FDIC limits of \$231,458 and \$449,195 for the years ended June 30, 2021 and 2020, respectively.

Note 3. Availability and Liquidity

FCA liquidity management involves biweekly forecasts of cash flows from operating and investing activities for the following two weeks and quarter. Quarterly, liquidity is reviewed by Executive Director and the Finance Committee of the Board of Directors. As part of its liquidity management, FCA invests cash in excess of daily requirements in a dividend-earning money market mutual fund. In addition, FCA has available a bank credit line to meet short-term cash deficits. The quasi endowment established by the board is available for re-designation at the discretion of the board.

FAMILY CAREGIVER ALLIANCE
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NOTES TO FINANCIAL STATEMENTS

Note 3. Availability and Liquidity (Cont.)

The following represents the FCA's financial assets at June 30:

Financial assets at year end:	2021	2020
Cash and cash equivalents	\$ 271,060	\$ 211,989
Investments	1,962,621	1,297,206
Gouvernement grants receivable	1,807,540	1,822,207
Contributions receivable, current	197,521	613,542
Contracts receivable	13,000	-
Other receivables	21,000	10,878
Total financial assets	4,272,742	3,955,822
Less amounts not available to be used within one year:		
Quasi endowment established by the board	(1,918,471)	(1,253,056)
Financial assets available to meet general expenditures over the next twelve months.	\$ 2,354,271	\$ 2,702,766

Note 4. Investments and Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1—quoted prices in active markets for identical investments.

Level 2—observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted price for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3—unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

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NOTES TO FINANCIAL STATEMENTS

Note 4. Investments and Fair Value Measurements (Cont.)

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the cash and cash equivalents and investments invested in marketable securities are deemed to be Level 1 within the valuation hierarchy.

Investments consisted of the following at June 30:

	2021	2020
Cash and cash equivalents	\$ 99,127	\$ 397,498
Money market funds	1,516,736	662,253
Global equities mutual funds	218,142	152,257
Bond index mutual funds	172,767	173,499
Total investments	\$ 2,006,772	\$ 1,385,507

As of June 30, 2021 and 2020, all investments were considered level 1 investments. The long term portion of total investments relates to the portion of the term endowment not available for use with the next year.

Note 5. Endowment

FCA follows FASB ASC 958-205, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds* and the related state of California version of the UPMIFA (CA-UPMIFA).

Endowment funds subject to both FASB ASC 958-205 and CA-UPMIFA include the term endowment. Endowment funds subject to only FASB ASC 958-205 include board designated net assets.

FCA classifies and records net assets associated with endowment funds, including funds designated by the Board of Directors of FCA to function as endowments, based on the existence or absence of donor-imposed restrictions.

The Board of Directors of FCA has interpreted the CA-UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Because of this interpretation, FCA classifies as net assets with donor restrictions the original value of gifts contributed to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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NOTES TO FINANCIAL STATEMENTS

Note 5. Endowment (Cont.)

FCA classifies the expendable portion of the donor-restricted endowment fund as net assets with donor restrictions until the Board of Directors of FCA appropriates those amounts for expenditure by FCA in a manner consistent with the standard of prudence prescribed by CA-UPMIFA. In accordance with CA-UPMIFA, FCA considers various factors to determine whether to appropriate or accumulate donor-restricted endowment funds and incorporates the limitation under California state law of appropriations to seven percent of the fair value of the endowment funds.

Endowment net assets composition by type of fund as of June 30, 2021 is as follow:

	Without Donor Restriction	With Donor Restriction	Total Net Endowment Assets
Donor-restricted term endowment	\$ --	\$ 88,301	\$ 88,301
Quasi endowment designated by the board	<u>1,918,471</u>	<u>--</u>	<u>1,918,471</u>
Total endowment funds	<u>\$ 1,918,471</u>	<u>\$ 88,301</u>	<u>\$ 2,006,772</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ 1,253,056	\$ 132,451	\$ 1,385,507
Investment income	65,648	--	65,648
Board designated contributions	2,245,617	--	2,245,617
Amounts appropriated for expenditure	<u>(1,645,850)</u>	<u>(44,150)</u>	<u>(1,690,000)</u>
Endowment net assets, end of year	<u>\$ 1,918,471</u>	<u>\$ 88,301</u>	<u>\$ 2,006,772</u>

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NOTES TO FINANCIAL STATEMENTS

Note 5. Endowment (Cont.)

Endowment net assets composition by type of fund as of June 30, 2020 is as follow:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Donor-restricted term endowment	\$ --	\$ 132,451	\$ 132,451
Quasi endowment designated by the board	<u>1,253,056</u>	<u> --</u>	<u>1,253,056</u>
Total endowment funds	<u>\$ 1,253,056</u>	<u>\$ 132,451</u>	<u>\$ 1,385,507</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 832,595	\$ 176,602	\$ 1,009,197
Investment income	42,900	--	42,900
Board designated contributions	2,097,146	--	2,097,146
Amounts appropriated for expenditure	<u>(1,719,585)</u>	<u>(44,151)</u>	<u>(1,763,736)</u>
Endowment net assets, end of year	<u>\$ 1,253,056</u>	<u>\$ 132,451</u>	<u>\$ 1,385,507</u>

The fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or CA-UPMIFA requires FCA to retain as a fund of perpetual duration. FCA records deficiencies of this nature in net assets with donor restrictions. Deficiencies may result from unfavorable market fluctuations that occur shortly after the investment of new donor restricted contributions and continued appropriation for programs that the Board of Directors of FCA deems prudent. As of June 30, 2021 and 2020, there was no deficiency.

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NOTES TO FINANCIAL STATEMENTS

Note 5. Endowment (Cont.)

FCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

The investment policy of FCA provides for diversification, preservation of capital and risk aversion. The long-term financial goal for FCA investments is to provide a relatively stable stream of spendable revenue that increases over time at least as fast as the general rate of inflation, as measured by the Consumer Price Index.

The long-term investment objective for FCA investments is to maximize long-term real (i.e., after inflation) total returns (i.e., yield plus capital appreciation) while moderating fundamental investment risks.

The spending policy of FCA incorporates CA-UPMIFA and consists of a spending rate, approved by the Board of Directors of FCA annually. The spending rate should provide, to the extent practical, a steady stream of income from year to year, consistent with the need to preserve the endowment fund and accounting for the factors incorporated in CA-UPMIFA.

Board designated endowment funds are subject to re-designation at any time, including re-designation as other than endowment funds.

Note 6. Grants Receivable

Grants receivable totaled as follow at June 30:

	2021	2020
County of Alameda	\$ 42,019	\$ 41,954
State of California	905,908	1,044,047
County of Contra Costa	44,154	38,685
County of Marin through the Alzheimer's Disease and related Disorders Associaiton	--	525
City and County of San Francisco	743,803	647,288
County of Santa Clara	21,651	--
County of San Mateo	50,005	49,708
Total grants receivable	<u>\$ 1,807,540</u>	<u>\$ 1,822,207</u>

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NOTES TO FINANCIAL STATEMENTS

Note 7. Contributions Receivable

Contributions receivable totaled as follow at June 30:

	<u>2021</u>	<u>2020</u>
Bader Philanthropies, Inc.	\$ 65,000	\$ - -
Arthur N. Rupe Foundation	75,000	- -
Fidelity Charitable	- -	400,000
The John A. Hartford Foundation	57,521	175,000
May and Stanley Smith Charitable Trust	<u>- -</u>	<u>75,000</u>
Total contributions receivable	<u>\$ 197,521</u>	<u>\$ 650,000</u>

Note 8. Property and Equipment

Capitalized equipment and software costs totaled as follow at June 30:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 2,586	\$ - -
Computer software cost	114,919	129,474
Less accumulated depreciation and amortization	<u>(101,900)</u>	<u>(78,528)</u>
Property and equipment, net	<u>\$ 15,605</u>	<u>\$ 50,946</u>

During June 30, 2021 and 2020, depreciation of equipment costs totaled \$388 and \$6,021, respectively. During June 30, 2021 and 2020, amortization of capitalized computer software costs totaled \$22,983 and \$22,984, respectively.

Note 9. Loan Payable – Paycheck Protection Program

In June 2020, FCA received loan proceeds in the amount of \$309,047 under the Paycheck Protection Program ("PPP"), established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan and accrued interest at an interest rate of 1% are forgivable if the proceeds are used for eligible purposes. Eligible purposes include payroll costs, group health care benefits cost, mortgage payments, rent, utilities, and interest on other debt obligations. FCA intends to use the entire loan proceeds for qualifying expenses, and therefore, expects the entire loan to be forgiven; however, FCA has elected not to recognize any forgiveness until approved by the Bank and the Small Business Administration. Any unforgiven portion of the loan plus accrued interest is due in monthly installment beginning ten months after the end of the "forgiveness covered period" and maturing on June 17, 2025. Accrued interest as of June 30, 2021 and 2020 was \$3,226 and \$0, respectively. Outstanding loan balance as of June 30, 2021 and 2020 was \$309,074 and \$309,074, respectively. Both accrued interest and the outstanding loan balance are included in the accompanying statements of financial position.

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NOTES TO FINANCIAL STATEMENTS

Note 10. Line of Credit

FCA maintains a \$150,000 revolving line of credit from a commercial bank secured by receivables. Amortized principal and fixed interest (at 9.5%) payments are due monthly on outstanding balance. There was no amount outstanding at June 30, 2021 and 2020. The bank credit line is subject to annual approval and renewal by the commercial bank, the current line expires October 2021.

Note 11. Net Assets

Net assets without donor restrictions consist of the following at June 30:

	2021	2020
Undesignated	\$ 1,015,896	\$ 1,314,988
Board designated	1,918,471	1,253,056
Totals net assets without donor restriction	\$ 2,934,367	\$ 2,568,044

Net assets with donor restrictions reconciled as follow at June 30 2021:

	Beginning	Additions	Releases	Ending
<u>Specific Purpose:</u>				
Caregiver Connect	\$ 252,982	\$ --	\$ 252,982	\$ --
Dementia Support and Services	6,963	--	--	6,963
Respite and Counseling	41,351	--	287	41,064
Family Caregiver Training	14,349	--	--	14,349
Family Caregiver Clearinghouse	5,907	--	--	5,907
Alzheimer's Caregiving Award	8,726	65,000	63,726	10,000
Medication Management Materials	49,474	--	49,474	--
Dementia Caregiving	108,526	--	108,526	--
Best Practice Caregiving	--	5,929	5,929	--
Impacts of Isolation and Loneliness	--	75,000	21,247	53,753
Enhanced ND Caregiver Support	--	75,000	23,675	51,325
Covid 19 Emergency	--	200,000	5,750	194,250
Improve Wellness through Technology	--	10,000	--	10,000
Care Compass Marketing	--	10,000	10,000	--
Advancing Engagement of CareNav	--	75,000	--	75,000
<u>Passage of Time:</u>				
Term Endowment	132,451	--	44,150	88,301
Bader Philanthropies, Inc.	--	130,000	65,000	65,000
Totals net assets				
with donor restriction	\$ 620,729	\$ 645,929	\$ 650,746	\$ 615,912

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NOTES TO FINANCIAL STATEMENTS

Note 11. Net Assets (Cont.)

Net assets with donor restrictions reconciled as follow at June 30, 2020:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
<u>Specific Purpose:</u>				
Caregiver Connect	\$ 320,350	\$ 2,600	\$ 69,968	\$ 252,982
Covid 19 Emergency	-	30,000	30,000	-
Dementia Support and Services	7,184	-	221	6,963
Respite and Counseling	35,711	20,873	15,233	41,351
Family Caregiver Training	14,349	-	-	14,349
Family Caregiver Clearinghouse	5,907	-	-	5,907
Alzheimer's Caregiving Award	65,000	65,000	121,274	8,726
Medication Management Materials	69,650	-	20,176	49,474
Dementia Caregiving	159,163	175,000	225,637	108,526
<u>Passage of Time:</u>				
Term Endowment	176,602	-	44,151	132,451
Totals net assets with donor restriction	<u>\$ 853,916</u>	<u>\$ 293,473</u>	<u>\$ 526,660</u>	<u>\$ 620,729</u>

Note 12. Lease Commitments

During the years ended June 30, 2021 and 2020, FCA leased office space under an operating lease that will expire October 31, 2021. Remaining future minimum lease payments for the year ending June 30, 2022, totals \$82,541.

Rent expense includes lease payments for office space, storage, and other operating costs. Rent expense for the year ended June 30, 2021 and 2020 was \$232,291 and \$238,001, respectively.

Note 13. Retirement Plan

FCA sponsors a salary deferral plan in accordance with the provision of the Internal Revenue Code Section 403(b). The Plan allows for employee elective contributions and for employer matching contributions. Matching contributions are determined annually at the discretion of the Board of Directors of FCA. Employee contributions are 100% vested. Employer contributions vest based on years of service and fully vest after five years of service. During the year ended June 30, 2021 and 2020, FCA matched 25% of the first \$10,000 of eligible employee deferrals. During the years ended June 30, 2021 and 2020, FCA matching contributions totaled \$38,974 and \$36,376, respectively.

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NOTES TO FINANCIAL STATEMENTS

Note 14. Contingencies

FCA's grants and contract activities are subject to inspection and audit by the appropriate funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, FCA has no provision for the possible disallowance of program costs.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America (U.S.). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time and the future effects are unknown. Management is carefully monitoring the situation and evaluating its operations and donations during this time.