

**ADULT CONGENITAL HEART ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**



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**ADULT CONGENITAL HEART ASSOCIATION  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Adult Congenital Heart Association  
Media, Pennsylvania

We have audited the accompanying financial statements of Adult Congenital Heart Association (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2019, 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 relevant 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

**Opinion**

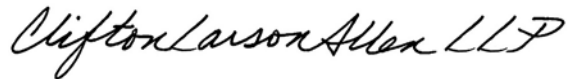
In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Adult Congenital Heart Association (ACHA) as of December 31, 2019, and the changes its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Adoption of New Accounting Standards**

As discussed in Note 1 to the financial statements, the Organization has adopted (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

**Report on Summarized Comparative Information**

We have previously audited Adult Congenital Heart Association's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
March 15, 2020

**ADULT CONGENITAL HEART ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 839,531	\$ 572,273
Grants and Contributions Receivable	61,694	30,861
Investments	200,000	150,000
Prepaid Expenses	32,764	45,546
Total Current Assets	1,133,989	798,680
<b>NONCURRENT ASSETS</b>		
Investments	297,832	452,318
Fixed Assets, Net	18,109	24,714
Deposits	1,715	6,000
Total Noncurrent Assets	317,656	483,032
Total Assets	\$ 1,451,645	\$ 1,281,712
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 24,177	\$ 47,594
Accrued Payroll	42,090	34,048
Deferred Revenue	222,653	210,850
Total Current Liabilities	288,920	292,492
<b>NET ASSETS</b>		
Without Donor Restrictions		
Board Designated - Accreditation Program	218,700	210,850
Undesignated	282,343	360,535
Total Net Assets Without Donor Restrictions	501,043	571,385
With Donor Restrictions	661,682	417,835
Total Net Assets	1,162,725	989,220
Total Liabilities and Net Assets	\$ 1,451,645	\$ 1,281,712

See accompanying Notes to Financial Statements.

**ADULT CONGENITAL HEART ASSOCIATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUE</b>				
Grants	\$ 581,500	\$ 525,800	\$ 1,107,300	\$ 86,000
Contributions	1,098,009	108,210	1,206,219	1,887,837
Donated Services	86,100	-	86,100	137,700
Membership Dues	9,255	-	9,255	11,925
Program and Events	132,718	25,000	157,718	105,118
Other Revenue	373	-	373	148
Investment Income (Loss)	58,537	-	58,537	(7,343)
Net Assets Released from Restriction	415,163	(415,163)	-	-
Total Revenue	<u>2,381,655</u>	<u>243,847</u>	<u>2,625,502</u>	<u>2,221,385</u>
<b>EXPENSES</b>				
Program	1,774,275	-	1,774,275	1,897,035
Administrative	229,688	-	229,688	176,042
Fundraising	448,034	-	448,034	560,350
Total Expenses	<u>2,451,997</u>	<u>-</u>	<u>2,451,997</u>	<u>2,633,427</u>
<b>CHANGE IN NET ASSETS</b>	(70,342)	243,847	173,505	(412,042)
Net Assets - Beginning of Year	<u>571,385</u>	<u>417,835</u>	<u>989,220</u>	<u>1,401,262</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 501,043</u>	<u>\$ 661,682</u>	<u>\$ 1,162,725</u>	<u>\$ 989,220</u>

See accompanying Notes to Financial Statements.

**ADULT CONGENITAL HEART ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	Program			Supporting Activities		2019	2018
	Advocacy/ Outreach	Education	Total	Administrative	Fundraising	Total	Total
Personnel	\$ 681,694	\$ 371,786	\$ 1,053,480	\$ 204,912	\$ 290,760	\$ 1,549,152	\$ 1,476,180
Bank/Merchant Services	12,661	7,051	19,712	-	18,108	37,820	115,870
Fellowship	-	80,000	80,000	-	-	80,000	-
Insurance	2,146	1,171	3,317	645	915	4,877	5,199
Licenses and Subscription	3,204	1,748	4,952	963	1,367	7,282	7,892
Medical Providers - In-Kind	-	86,100	86,100	-	-	86,100	137,700
Meetings	29,814	21,293	51,107	1,775	30,686	83,568	77,951
Office Supplies and Equipment	7,457	4,203	11,660	1,570	3,364	16,594	15,218
Postage	4,160	5,114	9,274	256	5,263	14,793	14,672
Printing and Program Materials	76,754	29,239	105,993	727	35,848	142,568	253,154
Professional Fees	60,486	33,465	93,951	11,361	19,867	125,179	305,263
Rent	11,304	6,165	17,469	3,398	4,822	25,689	39,340
Research	127,500	-	127,500	-	-	127,500	-
Software	19,569	16,929	36,498	910	13,258	50,666	63,056
Telephone and Internet	3,041	1,658	4,699	914	1,297	6,910	6,540
Travel	24,972	30,288	55,260	555	16,660	72,475	95,046
Depreciation	7,928	1,840	9,768	1,014	1,439	12,221	20,346
Loss on Disposal of Fixed Assets	2,287	1,248	3,535	688	976	5,199	-
Uncollectible Accounts	-	-	-	-	3,404	3,404	-
<b>Total Expenses</b>	<b>\$ 1,074,977</b>	<b>\$ 699,298</b>	<b>\$ 1,774,275</b>	<b>\$ 229,688</b>	<b>\$ 448,034</b>	<b>\$ 2,451,997</b>	<b>\$ 2,633,427</b>

See accompanying Notes to Financial Statements.

**ADULT CONGENITAL HEART ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 173,505	\$ (412,042)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	12,221	20,346
Net Unrealized and Realized (Gain) Loss on Investments	(40,132)	22,104
(Increase) Decrease in:		
Grants and Contributions Receivable	(30,833)	91,665
Prepaid Expenses	12,782	(13,145)
Increase (Decrease) in:		
Accounts Payable	(23,417)	(142,298)
Accrued Payroll	8,042	10,078
Deferred Revenue	11,803	(9,995)
Net Cash Provided (Used) by Operating Activities	128,256	(433,287)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(23,323)	(350,000)
Reinvested Dividends, Net	(2,616)	(4,184)
Proceeds from Sales of Investments	170,557	-
Purchase of Fixed Assets	(10,815)	(9,406)
Loss on Disposal of Fixed Assets	5,199	-
Net Cash Provided (Used) by Investing Activities	139,002	(363,590)
<b>NET INCREASE (DECREASE) IN CASH</b>	267,258	(796,877)
Cash - Beginning of Year	572,273	1,369,150
<b>CASH - END OF YEAR</b>	\$ 839,531	\$ 572,273

See accompanying Notes to Financial Statements.



**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

**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.

ACHA does not have net assets that are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by ACHA.

**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 amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Investments**

Investments are reported using fair value measurements as detailed in Note 4. ACHA incurred investment fees of \$2,731 and \$2,714 during the years ended December 31, 2019 and 2018, 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, 2019 and 2018, 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.

**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.

**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

**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 \$415,163 and \$480,500 for the years ended December 31, 2019 and 2018, respectively.

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 and recorded offsetting expenses of \$86,100 and \$137,700 for the years ended December 31, 2019 and 2018, 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. These allocations are consistently applied and are determined to be a reasonable basis.

**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.

**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, 2018, from which the comparative totals were derived.

**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

As of January 1, 2019, ACHA adopted the accounting guidance in FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of Topic 606 is that an entity should recognize revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

ACHA's financial statements reflect the application of this guidance for the fiscal year ending December 31, 2019. No cumulative-effect adjustment to net assets was recorded because the adoption did not impact the Organization's previously reported revenue.

As of July 1, 2018, ACHA adopted the accounting guidance in FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ACHA's financial statements reflect the application of this guidance for the year ending December 31, 2019. No cumulative-effect adjustment to net assets was recorded because the adoption did not impact the ACHA's previously reported contributions.

**Subsequent Events**

In preparing these financial statements, ACHA has evaluated events and transactions for potential recognition or disclosure through March 15, 2020, the date the financial statements were available to be issued.

**Reclassifications**

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets amounts.

**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(WITH COMPARATIVE TOTALS FOR 2018)

**NOTE 2 LIQUIDITY**

ACHA has a goal to maintain financial assets, which consist of cash, receivables and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$200,000. As part of its liquidity management, ACHA invests cash in excess of daily requirements in certificates of deposit. 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. At December 31, 2019 and 2018, ACHA had \$432,304 and \$339,316, respectively, of financial assets available within one year of the Statement of Financial Position date consisting of cash of \$170,610 and \$158,455, respectively, receivables of \$61,694 and \$30,861, respectively, and short-term investments of \$200,000 and \$150,000, respectively.

**NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE**

Represents amounts due within one year as follows:

	2019	2018
Regional Events	\$ 30,000	\$ 12,000
Other	21,694	18,861
Grants	10,000	-
Total	\$ 61,694	\$ 30,861

**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.

**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(WITH COMPARATIVE TOTALS FOR 2018)

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

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.

*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, 2019:</u>			
Cash and Money Market Funds	\$ 6,373	\$ 6,373	\$ 6,373
Mutual Funds	261,492	291,459	291,459
Certificate of Deposits	200,000	200,000	-
Total	<u>\$ 467,865</u>	<u>\$ 497,832</u>	<u>\$ 297,832</u>
<u>December 31, 2018:</u>			
Cash and Money Market Funds	\$ 5,758	\$ 5,758	\$ 5,758
Mutual Funds	237,938	246,560	246,560
Certificate of Deposits	350,000	350,000	-
Total	<u>\$ 593,696</u>	<u>\$ 602,318</u>	<u>\$ 252,318</u>

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

	2019	2018
Interest and Dividends	\$ 18,405	\$ 14,761
Net Realized and Unrealized Gain (Loss)	40,132	(22,104)
Total	<u>\$ 58,537</u>	<u>\$ (7,343)</u>

**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(WITH COMPARATIVE TOTALS FOR 2018)

**NOTE 5 FIXED ASSETS**

Fixed assets consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Leasehold Improvements	\$ 4,322	\$ 2,180
Equipment	66,709	70,480
Website	<u>32,798</u>	<u>32,798</u>
Total	103,829	105,458
Less: Accumulated Depreciation	<u>(85,720)</u>	<u>(80,744)</u>
Total Fixed Assets	<u><u>\$ 18,109</u></u>	<u><u>\$ 24,714</u></u>

**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, 2020, and renewable annually. Outstanding balances carry an interest rate of prime + 1.5%, with a floor of 6.5%, and are secured by ACHA's business assets. The rate was 6.5% as of December 31, 2019. There were no borrowings during the years ended December 31, 2019 and 2018, and no outstanding balances as of December 31, 2019 and 2018.

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2019</u>	<u>2018</u>
Advocacy/Outreach:		
Community Outreach	\$ 100,177	\$ 100,000
Marketing	88,220	-
National Conference	29,985	-
Research	-	<u>106,760</u>
Total	<u>218,382</u>	<u>206,760</u>
Education Program:		
Accreditation	128,300	2,770
Community Outreach	10,000	-
Fellowship	90,000	160,000
Conference	-	4,805
Patient/Family Member Services	85,000	10,000
Regional Events	-	33,500
Walk Events	<u>56,000</u>	<u>-</u>
Total	<u>369,300</u>	<u>211,075</u>
Fundraising:		
Walk Events	24,000	-
Gala	<u>50,000</u>	<u>-</u>
Total	<u>74,000</u>	<u>-</u>
Total Restrictions	<u><u>\$ 661,682</u></u>	<u><u>\$ 417,835</u></u>

**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(WITH COMPARATIVE TOTALS FOR 2018)

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

All Net Assets with Donor Restrictions are expected to be released in 2020.

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

	2019	2018
Satisfaction of Purpose Restrictions:		
Advocacy/Outreach	\$ 236,663	\$ 160,000
Education Program	178,500	270,500
Fundraising	-	50,000
Total	\$ 415,163	\$ 480,500

**NOTE 8 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is recognized when control of promised services (accreditation) is transferred to customers, in an amount that reflects the consideration ACHA expects to be entitled in exchanges for those services. Total revenue for the Accreditation program was \$110,650 and \$71,150 for the years ended December 31, 2019 and 2018, respectively.

ACHA's performance obligations are to provide accreditation through a rigorous evaluation process in the first year of accreditation and follow-up processes in the four years following the first year. Accreditation applicants pay accreditation fees upfront and the organization recognizes them over a five year contract period. ACHA's revenue recognition policy for Accreditation Fees is described in detail in Note 1.

The following table depicts activities for Accreditation deferred revenue.

	2019	2018
Deferred Revenue, Beginning of Year	\$ 210,850	\$ 218,000
Increases in Deferred Accreditation Fees Due to Cash Received During the Year	118,500	64,000
Increases in Deferred Registrations Fee Due to Cash Received During the Year	3,953	-
Decreases in Deferred Accreditation Fee Due to Performance Obligations Met	(110,650)	(71,150)
Deferred Revenue, End of Year	\$ 222,653	\$ 210,850



**ADULT CONGENITAL HEART ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(WITH COMPARATIVE TOTALS FOR 2018)

**NOTE 9 WALKS PROGRAM**

For the year ended December 31, 2019, ACHA initiated its own Walk Program, Walk for 1 in 100, after the termination of the Congenital Heart Walks Program that partnered ACHA with the Children’s Heart Foundation (CHF). In 2018, all revenue and expense related to the Congenital Heart Walks Program was reported on ACHA’s financial statements.

For the year ended December 31, 2018, 50% of the net revenue generated from the Congenital Heart Walks Program was split with CHF. For the year ended December 31, 2019, 100% of the revenue generated from Walk for 1 in 100 was reported on ACHA’s financial statements. The Walk Program revenue is included in Contributions on the Statement of Activities.

Total revenue for the Walk for 1 in 100 program for the year ended December 31, 2019 was \$582,285 and total revenue for the Congenital Heart Walks for the year ended December 31, 2018 was \$1,834,532, of which \$631,630 was distributed to CHF. Total expenses for the each of these Walks Programs was \$366,792 and \$571,273 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 10 CONCENTRATION OF REVENUE SOURCES**

Historically, grant revenue has included a large, annually recurring grant from a single source both earned and received at the end of each year. In 2018 the grant, in the amount of \$500,000, was both earned and received in February 2019, and thus included in ACHA’s December 31, 2019 financial statements. The contribution timing delay resulted in the organization incurring a deficit for year ended December 31, 2018. The 2019 grant from the same source, in the amount of \$450,000, was both earned and received at the end of 2019. This \$450,000 grant is also included in ACHA’s December 31, 2019 financial statements.

**NOTE 11 COMMITMENTS**

Effective February 1, 2019, ACHA entered into a lease for office space for a term which extends through January 2021. Total minimum monthly rent is \$1,715 in the first year of the lease, for an annual rent of \$20,580. Rent increases by 2% annually in the subsequent year of the lease term. Rental expense was \$37,445 and \$54,011 for the years ended December 31, 2019 and 2018, 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>
2020	\$ 20,965	\$ 2,364
2021	1,750	2,364
2022	-	2,364
2023	-	2,364
2024	-	2,364
Thereafter	-	591
Total	<u>\$ 22,715</u>	<u>\$ 12,411</u>

**ADULT CONGENITAL HEART ASSOCIATION**  
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**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 three percent of an employee's annual compensation. Total retirement expense of the Plan was \$19,047 and \$18,477 for the years ended December 31, 2019 and 2018, respectively, and is included in Personnel Expense in the accompanying Statement of Functional Expenses.

