

ADULT CONGENITAL HEART ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



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**ADULT CONGENITAL HEART ASSOCIATION
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YEAR ENDED DECEMBER 31, 2020**

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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, 2020, 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.

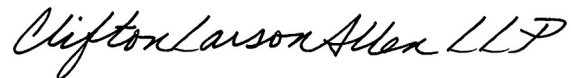
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of Adult Congenital Heart Association (ACHA) as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Adult Congenital Heart Association's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 29, 2021

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 786,671	\$ 839,531
Grants and Contributions Receivable	437,390	61,694
Investments	-	200,000
Prepaid Expenses	51,810	32,764
Total Current Assets	1,275,871	1,133,989
NONCURRENT ASSETS		
Investments	327,670	297,832
Fixed Assets, Net	13,972	18,109
Deposits	1,715	1,715
Total Noncurrent Assets	343,357	317,656
Total Assets	\$ 1,619,228	\$ 1,451,645
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 11,474	\$ 24,177
Accrued Payroll	44,383	42,090
Deferred Revenue	194,306	222,653
Paycheck Protection Program Loan	262,300	-
Total Current Liabilities	512,463	288,920
NET ASSETS		
Without Donor Restrictions:		
Board Designated - Accreditation Program	185,500	218,700
Undesignated	258,435	282,343
Total Net Assets Without Donor Restrictions	443,935	501,043
With Donor Restrictions	662,830	661,682
Total Net Assets	1,106,765	1,162,725
Total Liabilities and Net Assets	\$ 1,619,228	\$ 1,451,645

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE				
Grants	\$ 48,000	\$ 667,500	\$ 715,500	\$ 1,107,300
Contributions	801,304	12,045	813,349	1,206,219
Donated Services	120,900	-	120,900	86,100
Membership Dues	19,995	-	19,995	9,255
Program and Events	81,155	30,000	111,155	157,718
Other Revenue	535	-	535	373
Investment Income	39,160	-	39,160	58,537
Net Assets Released from Restriction	708,397	(708,397)	-	-
Total Revenue	<u>1,819,446</u>	<u>1,148</u>	<u>1,820,594</u>	<u>2,625,502</u>
EXPENSES				
Program	1,321,631	-	1,321,631	1,774,275
Administrative	262,584	-	262,584	229,688
Fundraising	292,339	-	292,339	448,034
Total Expenses	<u>1,876,554</u>	<u>-</u>	<u>1,876,554</u>	<u>2,451,997</u>
CHANGE IN NET ASSETS	(57,108)	1,148	(55,960)	173,505
Net Assets - Beginning of Year	<u>501,043</u>	<u>661,682</u>	<u>1,162,725</u>	<u>989,220</u>
NET ASSETS - END OF YEAR	<u>\$ 443,935</u>	<u>\$ 662,830</u>	<u>\$ 1,106,765</u>	<u>\$ 1,162,725</u>

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Program			Supporting Activities		2020	2019
	Advocacy and Outreach	Education	Total	Administrative	Fundraising	Total	Total
Personnel	\$ 430,663	\$ 431,340	\$ 862,003	\$ 244,686	\$ 228,432	\$ 1,335,121	\$ 1,549,152
Bank and Merchant Services	3,459	4,162	7,621	-	15,316	22,937	37,820
Fellowship	-	80,000	80,000	-	-	80,000	80,000
Insurance	2,467	1,346	3,813	742	1,052	5,607	4,877
Licenses and Subscription	3,207	1,749	4,956	964	1,368	7,288	7,282
Medical Providers - In-Kind	-	120,900	120,900	-	-	120,900	86,100
Meetings	2,208	1,927	4,135	398	565	5,098	83,568
Office Supplies and Equipment	2,154	1,234	3,388	574	1,506	5,468	16,594
Postage	2,250	3,244	5,494	227	1,752	7,473	14,793
Printing and Program Materials	17,762	8,026	25,788	20	8,940	34,748	142,568
Professional Fees	72,086	20,354	92,440	8,111	12,016	112,567	125,179
Rent	9,365	5,108	14,473	2,815	3,994	21,282	25,689
Research	32,500	-	32,500	-	-	32,500	127,500
Software	18,013	23,333	41,346	2,502	14,829	58,677	50,666
Telephone and Internet	1,219	665	1,884	366	520	2,770	6,910
Travel	4,042	10,735	14,777	11	394	15,182	72,475
Depreciation	3,997	2,116	6,113	1,168	1,655	8,936	12,221
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	5,199
Uncollectible Accounts	-	-	-	-	-	-	3,404
Total Expenses	\$ 605,392	\$ 716,239	\$ 1,321,631	\$ 262,584	\$ 292,339	\$ 1,876,554	\$ 2,451,997

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (55,960)	\$ 173,505
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	8,936	12,221
Net Unrealized and Realized Gain on Investments	(25,774)	(40,132)
(Increase) Decrease in:		
Grants and Contributions Receivable	(375,696)	(30,833)
Prepaid Expenses	(19,046)	12,782
Deposits	-	4,285
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(12,703)	(23,417)
Accrued Payroll	2,293	8,042
Deferred Revenue	(28,347)	11,803
Net Cash Provided (Used) by Operating Activities	(506,297)	128,256
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(62,913)	(23,323)
Reinvested Dividends, Net	(2,132)	(2,616)
Proceeds from Sales of Investments	260,981	170,557
Purchase of Fixed Assets	(4,799)	(10,815)
Loss on Disposal of Fixed Assets	-	5,199
Net Cash Provided by Investing Activities	191,137	139,002
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	262,300	-
Net Cash Provided by Financing Activities	262,300	-
 NET INCREASE (DECREASE) IN CASH	(52,860)	267,258
 Cash - Beginning of Year	839,531	572,273
 CASH - END OF YEAR	\$ 786,671	\$ 839,531

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Basis of Accounting

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

Basis of Presentation

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those amounts.

Cash

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

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported using fair value measurements as detailed in Note 4. Cash and money market funds included within the investment portfolio are considered noncurrent assets. ACHA incurred investment fees of \$2,850 and \$2,731 during the years ended December 31, 2020 and 2019, 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, 2020 and 2019, as all amounts were considered collectible.

Fixed Assets

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

Deferred Revenue

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

Recognition of Accreditation Fees

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

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

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 \$708,397 and \$415,163 for the years ended December 31, 2020 and 2019, respectively.

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

Contributions of assets other than cash are recorded at their estimated fair values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. ACHA received in-kind contributions for medical provider services related to the accreditation program and recorded offsetting expenses of \$120,900 and \$86,100 for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

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

Income Tax Status

ACHA is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. The organization qualifies for charitable contribution deductions and is classified as an organization that is not a private foundation. Income that is not related to exempt purposes, less applicable deductions, would be subject to federal and state corporate income taxes. ACHA had no net unrelated business income for the years ended December 31, 2020 and 2019.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

Management evaluated ACHA's tax positions and concluded that ACHA had taken no uncertain tax positions that require adjustment to the financial statements. Consequently, no accrual for interest and penalties was deemed necessary for the years ended December 31, 2020 and 2019.

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, 2019, from which the comparative totals were derived.

Subsequent Events

In preparing these financial statements, ACHA has evaluated events and transactions for potential recognition or disclosure through March 29, 2021, the date the financial statements were available to be issued.

Subsequent to year-end, ACHA's first loan through the Paycheck Protection Program was forgiven. Additionally, ACHA was approved for a second loan through the Paycheck Protection Program. The terms of the loans are disclosed in Note 14 to the financial statements.

NOTE 2 LIQUIDITY

ACHA has a goal to maintain financial assets, which consist of cash, receivables, and short-term investments to meet 90 days of normal operating expenses, which are, on average, approximately \$150,000 per month. As 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. ACHA had the following financial assets available for general expenditure within one year of the statement of financial position date of December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 786,671	\$ 839,531
Grants and Contributions Receivables	437,390	61,694
Investments	-	200,000
Less: Net Assets With Donor Restrictions	<u>(662,830)</u>	<u>(661,682)</u>
Total	<u>\$ 561,231</u>	<u>\$ 439,543</u>

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

The following represents amounts due within one year:

	2020	2019
Programs and Events	\$ -	\$ 30,000
Contributions	27,390	21,694
Grants	410,000	10,000
Total	\$ 437,390	\$ 61,694

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair Value Measurements

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

Fair Value Hierarchy

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

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

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

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

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.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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, 2020</u>			
Cash and Money Market Funds	\$ 5,368	\$ 5,368	\$ 5,368
Mutual Funds	247,327	322,302	322,302
Total	<u>\$ 252,695</u>	<u>\$ 327,670</u>	<u>\$ 327,670</u>
<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>

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

	2020	2019
Interest and Dividends	\$ 13,386	\$ 18,405
Net Realized and Unrealized Gain	25,774	40,132
Total	<u>\$ 39,160</u>	<u>\$ 58,537</u>

NOTE 5 FIXED ASSETS

Fixed assets consisted of the following at December 31:

	2020	2019
Leasehold Improvements	\$ 4,322	\$ 4,322
Equipment	71,508	66,709
Website	32,798	32,798
Total	108,628	103,829
Less: Accumulated Depreciation	(94,656)	(85,720)
Total Fixed Assets	<u>\$ 13,972</u>	<u>\$ 18,109</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, 2021, and renewable annually. Outstanding balances carry an interest rate of prime + 1.5%, with a floor of 5.25%, and are secured by ACHA's business assets. The rate was 5.25% as of December 31, 2020. There were no borrowings during the years ended December 31, 2020 and 2019, and no outstanding balances as of December 31, 2020 and 2019.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Advocacy and Outreach:		
Community Outreach	\$ 40,000	\$ 100,177
Marketing	50,000	88,220
National Conference	190,430	29,985
Research	1,250	-
Total	<u>281,680</u>	<u>218,382</u>
Education Program:		
Accreditation	123,650	128,300
Community Outreach	7,500	10,000
Fellowship	-	90,000
Patient/Family Member Services	240,000	85,000
Regional Events	10,000	-
Walk Events	-	56,000
Total	<u>381,150</u>	<u>369,300</u>
Fundraising:		
Walk Events	-	24,000
Gala	-	50,000
Total	<u>-</u>	<u>74,000</u>
Total Restrictions	<u>\$ 662,830</u>	<u>\$ 661,682</u>

All Net Assets with Donor Restrictions are expected to be released in 2021.

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

	<u>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Advocacy and Outreach	\$ 154,397	\$ 236,663
Education Program	472,500	178,500
Fundraising	81,500	-
Total	<u>\$ 708,397</u>	<u>\$ 415,163</u>

NOTE 8 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognized when control of promised services (accreditation) is transferred to customers (accreditation applicants), in an amount that reflects the consideration ACHA expects to be entitled in exchanges for those services. Total revenue for the accreditation program was \$79,200 and \$110,650 for the years ended December 31, 2020 and 2019, respectively.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 8 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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

The following table depicts activities for deferred revenue.

	2020	2019
Deferred Revenue - Beginning of Year	\$ 222,653	\$ 210,850
Increases in Deferred Accreditation Fees Due to Cash Received During the Year	46,000	118,500
Increases in Deferred Registrations Fee Due to Cash Received During the Year	4,853	3,953
Decreases in Deferred Revenue Due to Performance Obligations Met	(79,200)	(110,650)
Deferred Revenue - End of Year	<u>\$ 194,306</u>	<u>\$ 222,653</u>

NOTE 9 WALKS FOR 1 IN 100

Total revenue for the Walks for 1 in 100 for the years ended December 31, 2020 and 2019 was \$202,652 and \$582,258, respectively. Related revenue is included in contributions on the statement of activities. Total expenses were \$193,123 and \$366,792 for the years ended December 31, 2020 and 2019, respectively. The decrease in the Walks for 1 in 100 revenue and expenses in 2020 is due to the COVID-19 pandemic causing the cancellation of in-person events. See Note 13 for additional information.

NOTE 10 CONCENTRATION OF REVENUE SOURCES

During the years ended December 31, 2020 and 2019, ACHA received funding of \$410,000 and \$950,000, respectively, from a single source. This is included in grants on the statement of activities.

NOTE 11 COMMITMENTS

Effective February 1, 2019, ACHA entered into a lease for office space for a term which extended through August 2020. Rent increased by 2% annually in the subsequent year of the lease term. Effective September 1, 2020, ACHA renegotiated the lease for a term which extends through January 2022 at a rate of 20% less than the previously agreed upon second year rate. Total minimum monthly rent is \$1,400, for an annual rent of \$16,800. Rental expense was \$20,965 and \$37,445 for the years ended December 31, 2020 and 2019, respectively.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 11 COMMITMENTS (CONTINUED)

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>
2021	\$ 16,800	\$ 2,364
2022	1,400	2,364
2023	-	2,364
2024	-	2,364
Thereafter	-	591
Total	<u>\$ 18,200</u>	<u>\$ 10,047</u>

NOTE 12 RETIREMENT PLAN

ACHA sponsors a 403(b) defined-contribution plan (the Plan). The Plan includes an employer match for all employees who have completed at least one year of service and worked at least 1,000 hours in a Plan year, not to exceed 3% of an employee's annual compensation. Total retirement expense of the Plan was \$19,412 and \$19,047 for the years ended December 31, 2020 and 2019, respectively, and is included in Personnel Expense in the accompanying statement of functional expenses.

NOTE 13 RISKS AND UNCERTAINTIES

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

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 14 PAYCHECK PROTECTION PROGRAM

On May 1, 2020, ACHA received a Paycheck Protection Program (PPP) loan in the amount of \$262,300. The PPP Flexibility Act and subsequent regulations determined the loan terms to include interest at a fixed rate of 1.0% per annum, have a term of two years, and are unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if ACHA fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with PPP.

On February 24, 2021, ACHA received notice from the financial institution facilitating the loan that the PPP loan had been forgiven in full by the SBA. Based on this full forgiveness determination, ACHA will recognize the funds from the SBA as a gain from the extinguishment of debt on the 2021 statement of activities.

On February 8, 2021, ACHA received a second PPP loan in the amount of \$233,515. The loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if ACHA fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with PPP.

