

ADULT CONGENITAL HEART ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



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**ADULT CONGENITAL HEART ASSOCIATION
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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Adult Congenital Heart Association
Media, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Adult Congenital Heart Association (a nonprofit corporation) (ACHA), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2023 financial statements referred to above present fairly, in all material respects, the financial position of Adult Congenital Heart Association (ACHA) as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACHA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACHA's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

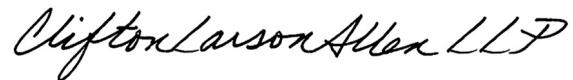
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACHA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACHA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Adult Congenital Heart Association

Report on Summarized Comparative Information

We have previously audited ACHA's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 21, 2024

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS	2023	2022
CURRENT ASSETS		
Cash	\$ 1,145,004	\$ 906,632
Grants and Contributions Receivable	50,716	229,270
Accreditation Fees Receivable	26,119	1,126
Investments	256,307	-
Prepaid Expenses	23,085	18,499
Total Current Assets	1,501,231	1,155,527
NONCURRENT ASSETS		
Investments	493,613	307,865
Fixed Assets, Net	11,148	14,574
Right-of-Use Asset	24,526	22,709
Deposits	2,715	2,982
Total Noncurrent Assets	532,002	348,130
Total Assets	\$ 2,033,233	\$ 1,503,657
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 4,167	\$ 8,544
Accrued Payroll	68,715	62,154
Lease Liability	19,072	18,263
Deferred Revenue	78,977	93,250
Total Current Liabilities	170,931	182,211
NONCURRENT LIABILITIES		
Lease Liability	4,823	5,085
Long-Term Deferred Revenue	197,232	122,800
Total Noncurrent Liabilities	202,055	127,885
Total Liabilities	372,986	310,096
NET ASSETS		
Without Donor Restrictions:		
Board Designated - Accreditation Program	276,209	215,550
Undesignated	470,518	682,333
Total Net Assets Without Donor Restrictions	746,727	897,883
With Donor Restrictions	913,520	295,678
Total Net Assets	1,660,247	1,193,561
Total Liabilities and Net Assets	\$ 2,033,233	\$ 1,503,657

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE				
Grants	\$ 304,559	\$ 747,228	\$ 1,051,787	\$ 546,570
Contributions	873,780	200,758	1,074,538	981,891
Contributed Nonfinancial Assets	194,813	-	194,813	158,186
Membership Dues	27,370	-	27,370	33,910
Program and Events	210,517	-	210,517	179,621
Investment Income (Loss)	77,062	-	77,062	(54,462)
Net Assets Released from Restriction	330,144	(330,144)	-	-
Total Revenue	<u>2,018,245</u>	<u>617,842</u>	<u>2,636,087</u>	<u>1,845,716</u>
EXPENSES				
Program	1,584,751	-	1,584,751	1,621,836
Administrative	267,250	-	267,250	277,578
Fundraising	317,400	-	317,400	266,261
Total Expenses	<u>2,169,401</u>	<u>-</u>	<u>2,169,401</u>	<u>2,165,675</u>
CHANGE IN NET ASSETS	(151,156)	617,842	466,686	(319,959)
Net Assets - Beginning of Year	<u>897,883</u>	<u>295,678</u>	<u>1,193,561</u>	<u>1,513,520</u>
NET ASSETS - END OF YEAR	<u>\$ 746,727</u>	<u>\$ 913,520</u>	<u>\$ 1,660,247</u>	<u>\$ 1,193,561</u>

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Program			Supporting Activities		2023 Total	2022 Total
	Advocacy and Outreach	Education	Total	Administrative	Fundraising		
Personnel	\$ 393,155	\$ 593,824	\$ 986,979	\$ 242,808	\$ 199,189	\$ 1,428,976	\$ 1,237,436
Advertising - In-Kind	26,703	30,070	56,773	9,561	11,371	77,705	104,260
Bank and Merchant Services	4,021	5,703	9,724	16	11,858	21,598	28,579
Direct In-Person Event Costs	4,023	21,645	25,668	392	16,033	42,093	195,939
Insurance	1,932	2,918	4,850	1,193	978	7,021	6,405
Lease Expense	10,241	14,066	24,307	3,322	32,355	59,984	39,960
Licenses and Subscriptions	2,310	3,490	5,800	1,427	1,171	8,398	7,219
Medical Providers - In-Kind	-	74,000	74,000	-	-	74,000	52,500
Office Supplies and Equipment	1,990	2,653	4,643	860	1,023	6,526	6,212
Postage	6,135	3,145	9,280	219	2,161	11,660	10,195
Printing and Program Materials	21,072	18,256	39,328	43	17,930	57,301	58,216
Professional Fees	178,001	19,107	197,108	3,597	3,713	204,418	233,107
Research	63,180	-	63,180	-	-	63,180	70,000
Software	17,815	30,632	48,447	1,261	15,574	65,282	74,175
Telephone and Internet	764	1,154	1,918	472	387	2,777	3,065
Travel	8,801	16,566	25,367	397	3,498	29,262	29,061
Depreciation	4,908	2,471	7,379	1,682	159	9,220	9,346
Total Expenses by Function	\$ 745,051	\$ 839,700	\$ 1,584,751	\$ 267,250	\$ 317,400	\$ 2,169,401	\$ 2,165,675

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 466,686	\$ (319,959)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	9,220	9,346
Net Unrealized and Realized (Gain) Loss on Investments	(49,346)	62,653
Change in Operating Right-of-Use Assets and Lease Liabilities	(1,270)	639
(Increase) Decrease in:		
Accounts Receivable	(24,993)	-
Grants and Contributions Receivable	178,554	(14,548)
Prepaid Expenses	(4,586)	50,968
Deposits	267	(1,267)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(4,377)	(7,882)
Accrued Payroll	6,561	18,749
Deferred Revenue	60,159	13,879
Net Cash Provided (Used) by Operating Activities	636,875	(187,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(624,925)	(296,795)
Reinvested Dividends, Net	(17,784)	(7,909)
Proceeds from Sales of Investments	250,000	299,046
Purchase of Fixed Assets	(5,794)	(9,167)
Net Cash Used by Investing Activities	(398,503)	(14,825)
NET INCREASE (DECREASE) IN CASH	238,372	(202,247)
Cash - Beginning of Year	906,632	1,108,879
CASH - END OF YEAR	\$ 1,145,004	\$ 906,632

See accompanying Notes to Financial Statements.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Adult Congenital Heart Association (ACHA or the Organization) was formed as a tax-exempt organization in 1998. The Organization's mission is to empower the congenital heart disease community by advancing access to resources and specialized care that improve patient-centered outcomes.

ACHA offers various educational materials and events, such as monthly webinars, regional conferences, and local activities to connect and inform its patient population. The Organization also provides critical resources, such as a peer mentor program and online clinic and patient resource directories, that help patients with CHD access quality care and live their best lives possible. Finally, ACHA funds critical research, engages in legislative advocacy, and manages the ACHA ACHD accreditation program to increase knowledge and elevate care and treatment standards for the two million adults living with congenital heart disease nationwide.

Adoption of New Accounting Standards

As of January 1, 2023, ACHA adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The ACHA adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on ACHA's financial statements but did change how the allowance for credit losses is determined.

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 certain 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.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

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. Cash and money market funds included within the investment portfolio are considered noncurrent assets. There were no investment fees for the years ended December 31, 2023 and 2022.

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, 2023 and 2022, as all amounts were considered collectible.

Accounts Receivable Credit Losses

ACHA's estimate of expected credit losses is subject to inherent uncertainty, and actual losses could differ from estimates. ACHA reviews its estimate of expected credit losses on a regular basis and makes adjustments as necessary based on changes in economic conditions, customer creditworthiness, and other factors. Any changes in the estimate of expected credit losses are recorded as an adjustment to the contract asset balance and are reflected in the statement of activities. Management anticipates that substantially all costs incurred associated with contract assets as of December 31, 2023 will be billed and collected within one year.

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 amortized over the life of the lease.

Leases

ACHA leases office space and equipment. ACHA determines if an arrangement is a lease at inception. Operating leases are included in Operating Lease Right-of-Use (ROU) Assets, Other Current Liabilities, and Operating Lease Liabilities on the statement of financial position.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent ACHA's right to use an underlying asset for the lease term and lease liabilities represent ACHA's obligations to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that ACHA will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. ACHA has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as Lease Liabilities or ROU Assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, ACHA has elected to use prime rate as of December 31, 2022, plus 1.5%.

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.

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 \$330,144 and \$756,805 for the years ended December 31, 2023 and 2022, respectively.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Contributions (Continued)

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 \$74,000 and \$52,500 for the years ended December 31, 2023 and 2022, respectively. ACHA also received in-kind services contributions for advertising, and social work services and recorded offsetting expenses of \$80,045 and \$105,686 for the years ended December 31, 2023 and 2022, respectively. The valuation for medical provider, advertising, and social work services is determined by industry standard for similar services. ACHA received in-kind goods for the Walk for 1 in 100 valued at \$40,768 for the year ended December 31, 2023.

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, 2023 and 2022.

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, 2023 and 2022.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, from which the comparative totals were derived.

Subsequent Events

In preparing these financial statements, ACHA has evaluated events and transactions for potential recognition or disclosure through April 21, 2024, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

ACHA has a goal to maintain financial assets, which consist of cash, receivables, and short-term investments to meet 90 days of normal operating expenses, which are, on average, approximately \$165,000 per month. As more fully described in Note 6, ACHA also has an available line of credit in the amount of \$150,000, which ACHA could draw upon in the event of an unanticipated liquidity need. ACHA had the following financial assets available for general expenditure within one year of the statement of financial position date of December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,145,004	\$ 906,632
Grants and Contributions Receivable	50,716	229,270
Accreditation Fees Receivable	26,119	1,126
Investments	256,307	-
Less: Net Assets With Donor Restrictions	(913,520)	(295,678)
Total	<u>\$ 564,626</u>	<u>\$ 841,350</u>

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Receivable in Less than One Year:		
Programs and Events	\$ 12,000	\$ 5,000
Contributions	36,678	91,085
Grants	2,038	133,185
Total	<u>\$ 50,716</u>	<u>\$ 229,270</u>

During the years ended December 31, 2023 and 2022, ACHA received contributions from board members totaling \$89,737 and \$159,193, respectively. As of December 31, 2023 and 2022, amounts included in grants and contributions receivable from board members totaled \$25,000 and \$75,000, respectively.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

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, 2023</u>			
Cash and Money Market Funds	\$ 2,323	\$ 2,323	\$ -
Mutual Funds	348,915	391,289	391,289
Certificate of Deposits	356,308	356,308	-
Total	<u>\$ 707,546</u>	<u>\$ 749,920</u>	<u>\$ 391,289</u>
<u>December 31, 2022</u>			
Cash and Money Market Funds	\$ 2,387	\$ 2,387	\$ -
Mutual Funds	312,310	305,478	305,478
Total	<u>\$ 314,697</u>	<u>\$ 307,865</u>	<u>\$ 305,478</u>

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

	2023	2022
Interest and Dividends	\$ 27,716	\$ 8,191
Net Realized and Unrealized Gain (Loss)	49,346	(62,653)
Total	<u>\$ 77,062</u>	<u>\$ (54,462)</u>

NOTE 5 FIXED ASSETS

Fixed assets consisted of the following at December 31:

	2023	2022
Leasehold Improvements	\$ 4,323	\$ 4,323
Equipment	15,332	9,538
Website	32,798	32,798
Total	52,453	46,659
Less: Accumulated Depreciation	(41,305)	(32,085)
Total Fixed Assets	<u>\$ 11,148</u>	<u>\$ 14,574</u>

NOTE 6 LINE OF CREDIT

ACHA has a line of credit, dated June 30, 2010, with Univest Bank and Trust Company in the amount of \$150,000, which is due on demand 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 10% and 9% as of December 31, 2023 and 2022, respectively. There were no borrowings during the years ended December 31, 2023 and 2022, and no outstanding balances as of December 31, 2023 and 2022.

ADULT CONGENITAL HEART ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Advocacy and Outreach:		
Regional Development	\$ 25,000	\$ 75,000
Marketing	80,000	30,000
National Conference	51,287	19,634
Research	162,986	65,000
Total	<u>319,273</u>	<u>189,634</u>
Education Program:		
Patient/Family Member Services	569,247	96,044
Regional Events	25,000	10,000
Total	<u>594,247</u>	<u>106,044</u>
Total Restrictions	<u>\$ 913,520</u>	<u>\$ 295,678</u>

All net assets with donor restrictions are expected to be released in 2024 except for long-term grants and contribution receivable.

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

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Advocacy and Outreach	\$ 188,347	\$ 365,049
Education Program	141,797	391,756
Total	<u>\$ 330,144</u>	<u>\$ 756,805</u>

NOTE 8 REVENUE FROM CONTRACTS

Revenue from contracts is recognized when control of promised accreditation services is transferred to accreditation applicants, in an amount that reflects the consideration ACHA expects to be entitled in exchange for those services. Total revenue for the accreditation program included in Programs and Events was \$193,466 and \$123,400 for the years ended December 31, 2023 and 2022, respectively.

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

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NOTE 8 REVENUE FROM CONTRACTS (CONTINUED)

The opening and closing balances of the contract assets and liabilities are as follows:

	Contract Accounts Receivable	Contract Deferred Revenue
Balance - December 31, 2021	\$ -	\$ 202,171
Net Change	1,126	13,879
Balance - December 31, 2022	1,126	216,050
Net Change	24,993	60,159
Balance - December 31, 2023	<u>\$ 26,119</u>	<u>\$ 276,209</u>

NOTE 9 WALK FOR 1 IN 100

Total revenue for the Walk for 1 in 100 for the years ended December 31, 2023 and 2022, was \$397,859 and \$457,012, respectively. Related revenue is included in Contributions on the statement of activities. Total expenses were \$302,580 and \$273,640 for the years ended December 31, 2023 and 2022, respectively.

NOTE 10 CONCENTRATION OF REVENUE SOURCES

During the years ended December 31, 2023 and 2022, ACHA received funding of \$860,000 and \$300,000, respectively, from a single source each year.

NOTE 11 LEASES

Operating Leases

ACHA leases office and equipment leases for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain office leases provide for increases in future minimum annual rental payments.

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NOTE 11 LEASES (CONTINUED)

Operating Leases (Continued)

The following tables provide quantitative information concerning ACHA's leases for the years ended December 31, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Operating Lease Cost	\$ 20,498	\$ 15,336
Short-Term Lease Cost	14,486	24,624
Total Lease Cost	<u>\$ 34,984</u>	<u>\$ 39,960</u>
Other Information:		
Cash Paid Operating Cash Flows from Operating Leases	\$ 20,531	\$ 18,131
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 18,193	\$ 38,683
Weighted-Average Remaining Lease Term - Operating Leases	1.3 Years	1.7 Years
Weighted-Average Discount Rate - Operating Leases	9%	9%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 21,281
2025	4,281
2026	725
Total Lease Payments	<u>26,287</u>
Less: Imputed Interest	<u>(2,392)</u>
Present Value of Lease Liabilities	<u>\$ 23,895</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 \$19,942 and \$14,795 for the years ended December 31, 2023 and 2022, respectively, and is included in Personnel Expense in the accompanying statement of functional expenses.



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